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Sunrise Technology Investment Holding Pte. Ltd.

(UEN 202016956E)

(Incorporated in Singapore)

PROPOSED ACQUISITION BY SUNRISE TECHNOLOGY INVESTMENT HOLDING PTE. LTD. OF ALL THE ISSUED ORDINARY SHARES IN THE CAPITAL OF SUNNINGDALE TECH LTD. (OTHER THAN THE KBH ROLLOVER SHARES) BY WAY OF A SCHEME OF ARRANGEMENT

OFFEROR'S FURTHER RESPONSES TO FAQs AND POINTS RAISED AT THE VIRTUAL DIALOGUE SESSION IN RELATION TO THE SCHEME

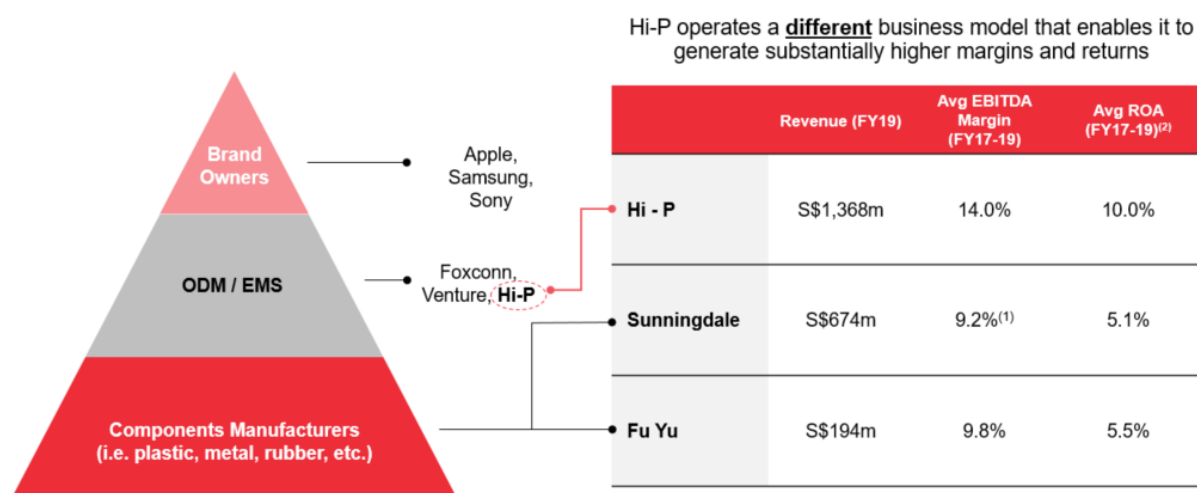
1. Introduction

- 1.1** The Offeror refers to the Virtual Dialogue Session in relation to the Scheme (moderated and facilitated by Securities Investors Association (Singapore)) which was held on 8 February 2020 at 6 p.m. ("**SIAS Dialogue Session**"). All capitalised terms used and not defined herein shall have the same meanings given to them in the scheme document dated 4 February 2021 issued by the Company to the Scheme Shareholders containing, *inter alia*, details of the Scheme (the "**Scheme Document**"). A copy of the Scheme Document is available on www.sgx.com.

2. Questions on comparable companies

- 2.1** The Offeror notes that Scheme Shareholders may have queries on how the Scheme Consideration compares with the voluntary unconditional general offer for Hi-P International Limited ("**Hi-P**") that was announced in December 2020.
- 2.2** The Offeror notes that Sunningdale is engaged principally in the manufacturing of precision plastic components. Based on publicly available information, Hi-P engages in the provision of original design manufacturing and electronic manufacturing services for brand owners, which means it is involved in more segments of the supply chain as compared to Sunningdale. For example, it would manufacture/source components, assemble the various components into sub-assemblies or even the finished products, and thereafter manage the distribution of the finished products to end customers.

As explained during the SIAS Dialogue Session and as set out below, the Offeror notes that the underlying returns of Hi-P's and Sunningdale's business for the past three years are different.



Source: Company websites, annual reports; Note: (1) Calculated using Sunningdale's reported Core earnings; (2) Defined as EBIT/Total Assets.

Notes:

- (a) The revenue figures for FY19 are extracted from the annual reports of each of Hi-P, Sunningdale and Fu Yu Corporation Limited ("Fu Yu").
- (b) The FY17-19 average EBITDA margins for Hi-P, Sunningdale and Fu Yu were computed by calculating the yearly EBITDA margin for the respective companies between FY17 and FY19 (inclusive) and then taking an average of these EBITDA margins. Where EBITDA margin is defined as EBITDA/Revenue, the numerator is calculated using financial schedules as set out in the respective annual reports, and the denominator is extracted from the respective annual reports.
- (c) The FY17-19 average Return on Asset ("**ROA**") for Hi-P, Sunningdale and Fu Yu were computed by calculating the yearly ROA for the respective companies between FY17 and FY19 (inclusive) and then taking an average of these ROA metrics. Where ROA is defined as EBIT/Total Assets, the numerator is calculated using financial schedules as set out in the respective annual reports, and the denominator is extracted from the respective annual reports.

2.3 The Offeror is of the view that Fu Yu is probably the closest SGX-ST-listed comparable to Sunningdale. Both Sunningdale and Fu Yu are plastic component suppliers serving customers in the automotive, electronics and medical industries. In January 2021, the co-founders of Fu Yu sold approximately a 30 per cent. stake of Fu Yu to Pilgrim Partners Asia (Pte.) Ltd at S\$0.26 for each share. The implied PER and EV/EBITDA based on the sale price of S\$0.26 per share is approximately c.13x¹ and c.3.6x² respectively, which is lower than c.26x (PER) and c.5.8x (EV/EBITDA) implied by the current Scheme Consideration of S\$1.65 for each Share.

¹ The PER was computed based on the trailing 12-month basic consolidated earnings per share as set out in Fu Yu's latest available interim and full year results. In line with the calculation of Sunningdale's implied PER, COVID-19 related grants, if any, that were received and publicly disclosed were excluded for the purpose of computing the underlying earnings per share and the corresponding PER.

² The EV of Fu Yu was calculated based on (i) an implied market capitalisation assuming a per share price of S\$0.26, and (ii) net cash as set out in Fu Yu's unaudited financial statements for the half year ended 30 June 2020. The trailing 12-month EBITDA is calculated using financial schedules as set out in Fu Yu's latest available interim and full year results. In line with the calculation of Sunningdale's implied EV/EBITDA multiple, COVID-19 related grants, if any, that were received and publicly disclosed were excluded for the purpose of computing the underlying EBITDA and the corresponding EV/EBITDA.

3. Price to Net Asset Value Ratio

The Offeror notes that Scheme Shareholders have raised queries on the price to net asset value ratio implied by the Scheme Consideration.

The Offeror refers Scheme Shareholders to the Offeror's responses to frequently asked questions dated 4 February 2021, a copy of which is available on www.sgx.com. The Offeror also noted, during the SIAS Dialogue Session, that more than 60 per cent. of the companies listed on SGX-ST with a market capitalisation of below S\$500 million traded below their net asset value.³

4. Liquidity of the Shares

4.1 Paragraph 3.3(b) of the Letter from the Offeror to Scheme Shareholders as set out in Appendix 2 of the Scheme Document ("**Offeror's Letter**") sets out information on the historical trading liquidity of the Shares during the one-month, three-month and six-month periods respectively up to and including the Holding Announcement Date.

4.2 In addition to the information provided in paragraph 3.3(b) of the Offeror's Letter, further details on the average daily trading volume of the Shares for the years 2016 to 2020 were noted by the Offeror during the SIAS Dialogue Session, as set out below:

Year	2016	2017	2018	2019	2020
Average daily trading volume ('000)	193	1,026	919	295	345
% of total outstanding shares in Sunningdale ⁽¹⁾	~0.10%	~0.54%	~0.48%	~0.15%	~0.18%

Source: Bloomberg. Note: (1) Calculated based on number of outstanding Shares as at the end of each period.

5. Responsibility Statement

The directors of the Offeror and HoldCo (including any who may have delegated detailed supervision of the preparation of this Announcement) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Announcement (excluding information relating to Sunningdale or any opinion expressed by Sunningdale and/or the IFA) are fair and accurate and that, where appropriate, no material facts in relation thereto have been omitted from this Announcement, and the directors of the Offeror and HoldCo jointly and severally accept responsibility accordingly.

Where any information has been extracted or reproduced from published or otherwise publicly available sources or obtained from Sunningdale and/or the IFA, the sole responsibility of the

³ Based on data extracted from Bloomberg L.P. as at 2 February 2021.

directors of the Offeror and HoldCo has been to ensure that, through reasonable enquiries, such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Announcement. The directors of the Offeror and HoldCo do not accept any responsibility for any information relating to or any opinion expressed by Sunningdale and/or the IFA.

8 February 2021

By order of the board of directors

SUNRISE TECHNOLOGY INVESTMENT HOLDING PTE. LTD.

Any queries relating to this Announcement should be directed to:

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Forward-Looking Statements

All statements other than statements of historical facts included in this Announcement are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “seek”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “will”, “would”, “should”, “could”, “may” and “might”. These statements reflect HoldCo’s and the Offeror’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Sunningdale Shareholders and investors of HoldCo and the Offeror should not place undue reliance on such forward-looking statements, and none of HoldCo or the Offeror undertakes any obligation to update publicly or revise any forward-looking statements.