



SUNRIGHT LIMITED
(Co. Reg. No.: 197800523M)
1093 Lower Delta Road, #02-01/08
Singapore 169204
Tel: (65) 62725842 Fax: (65) 62768426

ANNOUNCEMENT

PROPOSED SALE OF PROPERTY IN TAIWAN

1. INTRODUCTION

The Board of Directors of Sunright Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that its wholly-owned subsidiary, KEST Systems and Service Ltd. (the “**Vendor**”), has entered into a conditional sale and purchase agreement (“**SPA**”) with YoungTek Electronics Corporation (the “**Purchaser**”) for the sale of a factory building and its ancillary equipment and facilities (collectively, the “**Property**”) located at No. 8, Hsin-Ann Road, Hsinchu Science Park, Hsinchu City, for a total consideration of NT\$188 million (approximately S\$7,874,000¹) (“**Sale Consideration**”) (the “**Proposed Sale**”).

2. INFORMATION ON THE PROPERTY AND PURCHASER

2.1 Information on the Purchaser

The Purchaser is incorporated in the Republic of China and listed on the Mainboard of the Taipei Exchange. The Purchaser’s principal business is in the provision of comprehensive semiconductor back-end OEM services and manufacturing of related production equipment covering the semiconductor, LED and RFID fields.

The Purchaser of the Property is an unrelated party and does not have any shareholding interest, direct or indirect in the Company or the Group, or is the Purchaser related to any of the Directors, substantial shareholders of the Company or their respective associates. None of the Directors or substantial shareholders of the Company or their respective associates are related to the Purchaser.

2.2 Information on the Property

The Property comprises a factory building with 6,530.09 sq m and 32 car parking spaces.

The factory building comprises of two (2) buildings, comprising of building No. 555 and building No. 596 with a total area of 5,988.05 sq m and 542.04 sq m respectively.

The Property had been partly used by the Vendor to conduct its business operations and partly rented out to a third-party tenant.

¹ Unless otherwise stated, in this Announcement, all conversion from New Taiwan dollars to Singapore dollars and cents are based on the exchange rate of S\$4.1885 to NTD100 with reference to the exchange rate on 23 May 2024 obtained from the Monetary Authority of Singapore website.



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The Property is sold with an existing tenancy. The Vendor is granted a right to lease back part of the space in the Property.

3. SALE CONSIDERATION

The Sale Consideration of NT\$188 million (approximately S\$7,874,000) was arrived at after arm's length negotiations, on a willing-buyer and willing-seller basis, taking into account, *inter alia*, the valuation of the Property and average selling price per sq m of past transactions.

The Sale Consideration will be satisfied fully in cash and shall be payable over four instalments as follows:

- (i) 10% within two working days after the entry of the SPA;
- (ii) 40% within three working days after the receipt of the approval from the competent authority on the transfer of the factory;
- (iii) 47% within two working days after delivery of title transfer registration documents to the appointed scrivener; and
- (iv) 3% upon handover of the Property.

4. CONDITIONS PRECEDENT

The completion of the Proposed Sale is subject to, *inter alia*:

- (i) receipt of approval from the competent authority i.e. Hsinchu Science Park Bureau of the National Science and Technology Council, on the transfer of the Property to the Purchaser; and
- (ii) approval of the shareholders of the Company for the Proposed Sale being obtained at a general meeting to be convened by the Company or otherwise a waiver by the Singapore Exchange Securities Trading Limited ("SGX-ST") from the requirement to seek shareholders' approval for the Proposed Sale.

5. RATIONALE FOR THE PROPOSED SALE AND USE OF PROCEEDS

- 5.1 The Group is strategically streamlining its operations to enhance and focus on its core strengths.
- 5.2 The Proposed Sale provides additional resources for the Group to expand its product portfolio and accelerate the introduction of new products focusing on innovative solutions with unique value propositions.
- 5.3 The net proceeds of approximately S\$7,874,000 from the Proposed Sale can also be used to reduce the bank borrowings of the Group, and where appropriate, utilised



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for product development and working capital requirements. The Group may use the balance of proceeds for other general corporate purposes.

- 5.4 Pending the aforementioned deployment of the proceeds from the Proposed Sale, other funds from the Proposed Sale may be deposited with banks and/or financial institutions, invested in short-term money markets and/or marketable securities, or used for any other purpose on a short-term basis, as the directors of the Company may deem appropriate in the interests of the Group.

6. VALUE OF THE PROPERTY

- 6.1 Based on the latest announced unaudited consolidated financial statements of the Group for the six-month period ended 31 January 2024, the net carrying amount of the Property was NT\$3.49 million (approximately S\$146,000). Assuming that the Proposal Sale was completed on 31 January 2024, this is expected to result in a net gain on disposal of approximately S\$7,728,000.

- 6.2 Based on the independent valuation, the Property was valued at NT\$186 million (approximately S\$7,797,000). The valuation commissioned by the Vendor, was conducted by a professional valuer, Shih-Kai Liu of De-Tian Real Estate Appraisers Joint Firm.

- 6.3 The valuation of the Property is predicated on the assumption of an orderly and normal market environment, where the property's value reflects its fair market price under normal operating conditions.

7. FINANCIAL EFFECTS OF THE PROPOSED SALE

- 7.1 The Proposed Sale will result in a net gain on disposal of approximately S\$7,728,000².

- 7.2 The financial effects of the Proposed Sale set out below are purely for illustrative purposes only and do not reflect the actual future financial position of the Company or the Group after the completion of the Proposed Sale.

- 7.3 The financial effects of the Proposed Sale were calculated based on the audited consolidated financial statements of the Group for the financial year ended 31 July 2023 ("FY2023"), being the most recently completed financial year.

7.4 Net Tangible Assets ("NTA")

The effect on the NTA per share of the Group as at 31 July 2023, assuming that the Proposed Sale had taken place on 31 July 2023 are as follows:

² Being Sale Consideration of S\$7,874,000 less net carrying amount of the Property of S\$146,000.



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As at 31 July 2023	<u>Before the Proposed Sale</u>	<u>After the Proposed Sale</u>
NTA (S\$'000)	72,274	79,296 ³
Number of shares ('000)	122,806	122,806
NTA per share (cents)	58.9	64.6

7.5 Earnings/(loss) per share

The effect on the earnings/(loss) per share of the Group for FY2023, assuming that the Proposed Sale had been effected at the beginning of the financial year, i.e. 1 August 2022 are as follows:

FY2023	<u>Before the Proposed Sale</u>	<u>After the Proposed Sale</u>
Profit/(loss) after tax after non-controlling interests (S\$'000)	(3,108)	3,914 ⁴
Earnings/(loss) per share (cents)	(2.5)	3.2

8. RULE 1006 FIGURES FOR THE PROPOSED SALE

8.1 Based on the latest unaudited consolidated financial statements of the Group for the half year ended 31 January 2024, the relative figures of the Proposed Sale computed on the bases set out in Rule 1006(a) to (e) of the SGX-ST Listing Manual are as follows:

Rule 1006(a)	The net asset value of the assets to be disposed compared with the Group's net asset value.	0.2%
Rule 1006(b)	The net profits attributable to the assets to be disposed of, compared with the Group's net profits.	13%
Rule 1006(c)	The aggregate value of the consideration received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	34%

³ Being S\$72,274,000 plus net gain on disposal S\$7,728,000 less estimated taxes of S\$706,000

⁴ Being (S\$3,108,000) plus net gain on disposal S\$7,728,000 less estimated taxes of S\$706,000



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Rule 1006(d) The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue. Not applicable as the transaction does not relate to an acquisition.

Rule 1006(e) The aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves. Not applicable as the Proposed Sale is not a disposal of mineral, oil or gas assets by a mineral, oil and gas company.

Notes:

1. Net asset value ("NAV") of the assets being disposed = S\$146,000

NAV of the Group = S\$67,643,000

Relative figure = 0.2%

2. Net profits attributable to the assets being disposed = S\$274,000

Loss before tax of the Group = S\$2,186,000

Relative figure = 13%

3. The aggregate value of the Sale Consideration to be received by the Group = S\$7,874,000

The Company's market capitalisation based on the total number of issued shares multiplied by the weighted average price of such shares transacted on the market day preceding the date of the SPA = S\$23,333,000

Relative figure = 34%

Having regard to the above, as the relative figures under Rule 1006(c) exceeds 20%, the Proposed Sale therefore constitutes a major transaction as defined in Rule 1014 of the SGX-ST Listing Manual and would be subject to the approval of the shareholders in a general meeting, unless waived by the SGX-ST.

The Company intends to seek a waiver from the SGX-ST from the requirement for shareholders' approval for the Proposed Sale. The Company will keep the shareholders updated on the status of the waiver application with SGX-ST.



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9. INTERESTS OF DIRECTORS AND MAJORITY SHAREHOLDER

Save for any interest from their respective shareholdings in the Company, none of the Directors or majority shareholder of the Company has any interest, direct or indirect, in the Proposed Sale.

10. SERVICE CONTRACTS OF DIRECTORS

No person is proposed to be appointed as a director of the Company in connection with the Proposed Sale. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

11. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the SPA and the Valuation Report are available for inspection by shareholders of the Company during normal business hours at the registered office of the Company at Block 1093 Lower Delta Road, #02-01/08, Singapore 169204 for a period of three (3) months from the date of this Announcement.

By Order of the Board

Adeline Lim Kim Swan
Company Secretary
24 May 2024