

**CIRCULAR DATED 5 JULY 2024**

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.**

**IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.**

If you have sold or transferred all your ordinary shares in the capital of Sunright Limited (the “**Company**”), you should immediately forward this Circular, the enclosed Notice of Extraordinary General Meeting and the accompanying Proxy Form to the purchaser or the transferee, or to the bank, stockbroker or agent through whom the sale or the transfer was effected for onward transmission to the purchaser or the transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the accuracy of any of the statements made, reports contained or opinions expressed in this Circular.



**SUNRIGHT LIMITED**

(Company Registration Number. 197800523M)  
(Incorporated in Singapore)

**CIRCULAR TO SHAREHOLDERS**

**IN RELATION TO**

**THE PROPOSED SALE OF A FACTORY BUILDING AND ITS ANCILLARY EQUIPMENT AND FACILITIES (“PROPERTY”) LOCATED AT NO. 8, HSIN-ANN ROAD, HSINCHU SCIENCE PARK, HSINCHU CITY FOR A TOTAL CONSIDERATION OF NT\$188 MILLION**

**IMPORTANT DATES AND TIMES:**

Last date and time for lodgement of Proxy Form	:	19 July 2024 at 10:00 a.m.
Date and time of Extraordinary General Meeting	:	22 July 2024 at 10:00 a.m.
Place of Extraordinary General Meeting	:	Meeting Room 332, Level 3, Suntec Singapore International Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593

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## DEFINITIONS

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Except where the context otherwise requires, the following definitions apply throughout the Circular:

### **General**

<b>“Act” or “Companies Act”</b>	: Companies Act 1967 of Singapore, as amended or modified from time to time
<b>“Board”</b>	: Board of Directors of the Company
<b>“Business Days”</b>	: Means a day (other than a Saturday, Sunday or a gazetted public holiday) on which commercial banks are open for business in Singapore
<b>“Company”</b>	: Sunright Limited
<b>“CDP”</b>	: The Central Depository (Pte) Limited
<b>“Circular”</b>	: This circular to Shareholders dated 5 July 2024 in respect of the Proposed Sale
<b>“Directors”</b>	: Directors of the Company for the time being
<b>“EGM”</b>	: The Extraordinary General Meeting of the Company to be held on 22 July 2024
<b>“FY2023”</b>	: Means the financial year ended 31 July 2023
<b>“HSPB”</b>	: Hsinchu Science Park Bureau of the National Science and Technology Council
<b>“KEST” or “Vendor”</b>	: KEST Systems and Service Ltd.
<b>“Latest Practicable Date”</b>	: 3 July 2024, being the latest practicable date prior to the finalisation and release of this Circular
<b>“Listing Manual”</b>	: The listing manual of the Mainboard of the SGX-ST, as amended, modified or supplemented from time to time
<b>“Notice of EGM”</b>	: The notice of EGM as set out on page 15 of this Circular
<b>“NTA”</b>	: Net tangible assets
<b>“Group”</b>	: The Company and its subsidiaries
<b>“Ordinary Resolution”</b>	: The ordinary resolution as set out on page 15 of this Circular
<b>“Proxy Form”</b>	: The proxy form in respect of the EGM as set out in this Circular
<b>“Proposed Sale”</b>	The proposed sale of a factory building, and its ancillary equipment and facilities located at No. 8, Hsin-Ann Road, Hsinchu Science Park, Hsinchu City for a total of NT\$188 Million by the Vendor to the Purchaser
<b>“Purchaser”</b>	: YoungTek Electronics Corporation
<b>“Sale Consideration”</b>	NT\$188 Million (approximately S\$7,874,000)
<b>“SGX-ST” or “Exchange”</b>	: Singapore Exchange Securities Trading Limited

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## DEFINITIONS

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<b>“Shareholders”</b>	: The registered holders of the Shares in the register of members of the Company, except where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and where the context so admits, mean the Depositors whose Securities Accounts are credited with such Shares
<b>“SISV”</b>	: Singapore Institute of Surveyors and Valuers
<b>“SPA”</b>	: The sale and purchase agreement between the Vendor and the Purchaser dated 24 May 2024
<b>“Subsidiary”</b>	: A corporation which is deemed to be a subsidiary of another corporation within the meaning of Section 5 of the Act
<b>“Substantial Shareholder”</b>	: A person (including a corporation) who has an interest in not less than five per cent (5%) of the nominal amount of all issued voting Shares of the Company
<b>“Valuation Practice Guide”</b>	: <i>“SISV Practice Guide for Valuation Reporting for REITs, Listed Companies and Initial Public Offerings (IPOs) including inclusion in Prospectus and Circular”, (1/ 2018), dated 25 June 2018, supplement to the SISV Valuation Standards and Practice Guidelines on Valuation Report (REV 2.6 Valuation Report)</i>
<b>“Valuation Report”</b>	: The valuation report issued by Shih-Kai Liu of De-Tian Real Estate Appraisers Joint Firm in respect of the independent valuation of the Property
<b>“S\$” and “cents”</b>	: Singapore dollars and cents, respectively
<b>“NT\$”</b>	: New Taiwan dollar
<b>“%” or “per cent”</b>	: Per centum or percentage

The terms **“Depositor”, “Depository Register” and “Depository Agent”** shall have the meanings ascribed to them respectively in Section 130A of the Act.

Words importing the singular shall where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act or any statutory modification thereof or the Listing Manual and used in this Circular shall, where applicable, have the meaning assigned to it under the said Act or any modification thereof or the Listing Manual, as the case may be.

Unless the context otherwise requires, the exchange rate used for currency translations from NT\$ to S\$ in this Circular shall be the rate of S\$4.1885 to NT\$100 with reference to the exchange rate on 23 May 2024 obtained from the Monetary Authority of Singapore and used in the Announcement.

Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated.

Any discrepancies in the tables included in this Circular between the listed amounts and the totals are due to rounding; accordingly, figures shown as totals in certain tables may not be an aggregation of the figures that precede them.

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## LETTER TO SHAREHOLDERS

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### SUNRIGHT LIMITED

(Company Registration No. 197800523M)  
(Incorporated in Singapore)

**Directors:**

Samuel Lim Syn Soo (Executive Chairman and Chief Executive Officer)  
Kenneth Tan Teoh Khoon (Executive Director)  
Daniel Soh Chung Hian (Lead Independent Director)  
Timothy Brooks Smith (Independent Non-Executive Director)  
Sandy Foo Fei Ying (Independent Non-Executive Director)

**Registered Office:**

1093 Lower Delta Road  
#02-01/08  
Singapore 169204

5 July 2024

To: The Shareholders of Sunright Limited

Dear Sir/Madam,

**THE PROPOSED SALE OF A FACTORY BUILDING AND ITS ANCILLARY EQUIPMENT AND FACILITIES LOCATED AT NO. 8, HSIN-ANN ROAD, HSINCHU SCIENCE PARK, HSINCHU CITY FOR A TOTAL CONSIDERATION OF NT\$188 MILLION**

**1. INTRODUCTION****1.1 Announcement**

On 24 May 2024, the Company announced that its wholly-owned subsidiary, KEST has entered into a conditional SPA with the Purchaser for the Proposed Sale.

As the relative figure computed under Rule 1006(c) of the Listing Manual exceeds 20%, the Proposed Sale is a “major transaction” under Rule 1014 of the Listing Manual. Accordingly, the approval of the Shareholders at an extraordinary general meeting is required for the Proposed Sale.

Further details on the relative figures computed under Rule 1006 of the Listing Manual are set out in section 6 of this Circular.

**1.2 Purpose of the Circular**

The purpose of this Circular is to provide Shareholders with relevant information relating to the Proposed Sale, including the rationale and financial effects and to seek Shareholders’ approval for the Ordinary Resolution to be proposed at the EGM.

The SGX-ST assumes no responsibility for the contents of this Circular, including the accuracy of any of the statements or opinions made or reports contained in this Circular. If any Shareholder is in any doubt as to the action he should take, he should consult his bank manager, stockbroker, solicitor, accountant or other professional adviser immediately.

**2. INFORMATION ON THE PROPOSED SALE****2.1 Information on the Property**

The Property, located within the Hsinchu Science Park, comprises a factory building with a built-up area of 6,530.09 sq m and 32 car parking spaces. The factory building comprises of

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## LETTER TO SHAREHOLDERS

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two buildings, building No. 555 and building No. 596 with a total built-up 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 of manufacturing electronic equipment (i.e., auto-loaders and unloaders) that complements the Group's principal business activities of manufacturing burn-in equipment and providing burn-in and test services for integrated circuits in both Taiwan and other jurisdictions. The auto-loaders and unloaders facilitate the efficient transfers of integrated circuits to/from burn-in equipment.

The Vendor's management does not consider the Property as a core asset to the Vendor's principal business activities as the Vendor is able to manufacture electronic equipment in other locations.<sup>1</sup> Further, the Purchaser has provided the Vendor with the option to lease back part of the Property to enable the completion of residual engineering programs whilst the Vendor sources for a permanent manufacturing location after the lease's expiry. The Proposed Sale will not affect the Vendor's business operations.

60% of the Property's gross floor area is currently used by the Vendor, while 40% of the Property's gross floor area is rented out to a third-party tenant. The third-party tenant is not an entity directly or indirectly controlled by, controlling or under common control with the Vendor. The third-party tenant has no relationship (including any business relationship) with the Purchaser.

The Property is sold with an existing tenancy, meaning the third-party tenant as described in the paragraph above. The Vendor is granted the option to lease back part of the Property. Please refer to Paragraph 3.3 for more information on the lease back.

### 2.2 Information on the Vendor

The Vendor is a wholly-owned subsidiary of the Company, and currently owns the Property. There is no outstanding mortgage on the Property.

The Vendor operates only in Taiwan. The Vendor's principal business is the manufacturing of electronic equipment, which complements the Group's principal activities of manufacturing burn-in equipment and providing burn-in and test services for integrated circuits in both Taiwan and other jurisdictions.

As mentioned in Paragraph 2.1, the business carried out by the Vendor through the Property (i.e., to manufacture auto-loaders and unloaders), is non-core<sup>2</sup> to the Group's principal activities.

### 2.3 Information on the Purchaser

Based on publicly available information, 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

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<sup>1</sup> For the avoidance of doubt, the Vendor currently does not manufacture electronic equipment in any other locations other than at the Property.

<sup>2</sup> Pursuant to paragraph 7.3(b) of Practice Note 10.1, the Property is non-core because: (i) it is not critical to the principal business activity of the Company; (ii) it is ancillary to the principal business activity of the Company; and; (iii) it is not an existing principal business of the Company.

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## LETTER TO SHAREHOLDERS

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related to the Purchaser.

The Purchaser currently operates within the same Hsinchu Science Park locality where the Vendor is located. The Vendor had learned of the Purchaser's intention to seek factory space expansion and had therefore pursued discussions with the Purchaser on a private negotiation basis. There was no introducer for the Proposed Sale, and therefore, no fees are payable to any introducer.

### 2.4 Value of the Property

Based on the latest 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 Proposed Sale was completed on 31 January 2024, this is expected to result in a net gain on disposal of approximately S\$7,728,000.

Based on the Valuation Report, the Property was valued at NT\$186,150,240 (approximately S\$7,797,000) as provided in the Summary Letter of the Valuation Report.<sup>3</sup> The Property's valuation is based on "market value", as defined in the Regulations on Real Estate Appraisal promulgated by the Ministry of the Interior (Taiwan)<sup>4</sup> as "*the reasonable value, expressed as a monetary amount, of a marketable real estate whose transaction is formed with willing buyers and willing sellers whose actions are prudent and guided by professional knowledge and under no influence of coercion, and such transaction is completed through appropriate marketing and under normal conditions*". This is materially similar to the definition of market value as set out in the Valuation Practice Guide.<sup>5</sup> The Property's valuation employed the standards set forth by the Regulations on Real Estate Appraisal promulgated by the Ministry of the Interior (Taiwan). The Property's valuation was conducted using two methods: the Sales Comparison Approach<sup>6</sup> and the Income-based Direct Capitalisation approach.<sup>7</sup>

The Property was valued on 18 April 2024 by professional appraiser Shih-Kai Liu (Real Estate Appraiser Certificate No: (92) MOI\_NO 000141 effective from 22 April 2005; Real Estate Appraiser Practicing License No: (104) TCG\_NO.000219) from the professional appraisal company De-Tian Real Estate Appraisers Joint Firm, a collective organization composed of multiple qualified appraisers. The valuer has consented to be named in this Circular.

The Valuation Report has complied with the Valuation Practice Guide, and "*Practice Note 2: Minimum Disclosure Requirements for Summary Valuation Letters*" issued by SISV on 28 February 2022, and the following points have been included in the Valuation Report:

- (i) the scope of work performed;
- (ii) intended use;
- (iii) intended users;
- (iv) the purpose;

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<sup>3</sup> See Annex B for the Summary Letter of the Valuation Report dated 6 May 2024.

<sup>4</sup> As defined in the Organization Act of the Ministry of the Interior, the Ministry of Interior (Taiwan) is in charge of the planning and promotion of policies and systems for land and building survey and registration, cadastre and land rights management, land expropriation and readjustment, land value and real estate transactions, national land surveying and mapping, and territorial administration; the guidance of real estate service industry, amongst others.

<sup>5</sup> In the Valuation Practice Guide market value is defined as "*the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an "arms-length" transaction, after proper marketing, wherein the parties had each acted knowledgeably, prudently, and without compulsion*".

<sup>6</sup> The Sales Comparison Approach estimates the value of the Property by reference to the sale price of comparable properties with similar features and gives due consideration of and makes adjustments by relevant price determining variance. The three comparable properties selected to facilitate the appraisal using the sales comparison approach are located within close proximity to the Property and are located within the Hsinchu Science Park.

<sup>7</sup> The Income-based Direct Capitalisation Approach estimates the objective net income that the appraised property is able to generate in the future one year. The method uses the income capitalization rate at the date of the appraised value to calculate the value of the subject property, and adopted the rents of three comparable properties at the time of survey as the basis for estimating net income. The income capitalisation rate of 8.79% was based on a survey of the local real estate market of similar properties in the subject region.

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- (v) the approach or approaches adopted;
- (vi) the method or methods applied;
- (vii) the key inputs used;
- (viii) the key assumptions made;
- (ix) the conclusion(s) of value and principal reasons for any conclusions reached; and
- (x) the date of the report (which may differ from the valuation date).

In accordance with the Listing Rules, the Circular has made the following key disclosures:

- (i) The value ascribed to the assets;
- (ii) The party who commissioned the valuation;
- (iii) The basis including the underlying methodologies and assumptions in arriving at the valuation; and
- (iv) The date of such valuation.<sup>8</sup>

### 3. KEY TERMS OF THE PROPOSED SALE

#### 3.1 Sale Consideration

The Sale Consideration 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 entry of the SPA;
- (ii) 40% within three working days after the receipt of the approval from HSPB required for the transfer of ownership 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.

The Sale Consideration is NT\$188 million (approximately S\$7,874,000), of which the 1<sup>st</sup> tranche payment amounting to NT\$18.8 million (approximately S\$787,400) has been received by the Company. The currency used for the consideration of the Proposed Sale is NT\$ as the relevant transfer taxes (including the deed tax and stamp duty) must be paid in NT\$.

The Vendor has submitted the application for the transfer of ownership of the factory to HSPB on 28 May 2024.

#### 3.2 Completion

Within three working days after the completion of the title transfer of the factory building to the Purchaser, the Vendor and the Purchaser shall proceed with the handover of the Property, and completion of the handover shall be confirmed by way of a handover confirmation letter.

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<sup>8</sup> See Regulator's Column dated 1 March 2022 titled "What SGX RegCo expects of business valuations for significant transactions"



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## LETTER TO SHAREHOLDERS

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### 3.3 Property Lease Back

The Vendor has been granted the option to lease back part of the Property from the Purchaser with details as follows:

- (i) the lease back will commence within one month from the completion of the title transfer of the factory building to the Purchaser;
- (ii) the Vendor will lease an area not exceeding what it is currently using on the Property (i.e., not more than 60% of the Property's gross floor area);
- (iii) the lease period is 1 year which is not subject to any renewal or extensions; and
- (iv) the rental rate was calculated on the basis of the existing rate of the current tenancy with the third-party tenant<sup>9</sup> and pro-rated accordingly to the gross floor area leased by the Vendor.

The Vendor's board has confirmed that:

- (i) the Vendor intends to exercise the option for the lease back on the terms in the paragraph immediately above;
- (ii) the rental rate was negotiated to match the existing rental price per square metre of the existing third-party tenancy, on the basis of rental rates applicable to similar units within the compound of the Hsinchu Science Park; and
- (iii) the rental rate is favourable to the Vendor and is in line with the prevailing market rates.

The Board has relied on the above confirmation by the Vendor's board, in particular, that the rental rates are in line with the prevailing market rates, and confirms that nothing has come to the Board's attention that the rental rates are not in line with the prevailing market rates.

The Vendor is not considering alternative properties for its business operations at this time and will only evaluate alternative properties closer to the expiration of the 1 year leaseback period. The Vendor will take all reasonable measures to ensure minimal disruption to its business operations.

### 3.4 Conditions Precedent

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

- (a) receipt of approval from the competent authority (i.e., HSPB)<sup>10</sup>, on the transfer of the Property to the Purchaser; and
- (b) approval of the shareholders of the Company for the Proposed Sale being obtained at a general meeting to be convened by the Company.

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<sup>9</sup> The existing rental rates negotiated with the current third-party tenant has been the subject of multiple renewals for fixed terms of 3 years per renewal, and on the basis of rental rates applicable to similar units within the compound of the Hsinchu Science Park.

<sup>10</sup> HSPB is the competent authority in relation to the proposed transfer of the Property to the Purchaser as the Property is situated on land leased by the Vendor from HSPB. Further, HSPB's regulations and the land lease agreement between the Vendor and HSPB (Art 18) provide that the transfer of the Property to a third party (including the Purchaser) requires prior approval from HSPB. Therefore, HSPB's approval is a condition precedent under the SPA.

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## LETTER TO SHAREHOLDERS

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### 3.5 Governing Law

The SPA is governed by the laws of the Republic of China (ROC) because both the Vendor and Purchaser are entities incorporated and operating in the ROC. Further, the Property is located in the ROC, making its transfer subject to ROC laws.

### 3.6 Other Contractual Terms

The SPA has further set out the following contractual terms:

- (a) If the title of the Property cannot be registered in the name of the Purchaser or the Property cannot be handed over to the Purchaser, owing to dispute between the Vendor and any third party or if there is any unauthorised possession of the Property by any third party, the SPA shall be rescinded and the Vendor shall refund the amount of the Sale Consideration paid at that time and in addition compensate an equivalent amount as liquidated damages;
- (b) Unless otherwise set forth in the SPA, if the Vendor is in material violation of any provisions of the SPA and fails to correct the default within the reasonable period designated by the Purchaser resulting in the transaction cannot be closed, the Purchaser may rescind the SPA and the Vendor shall return the amount of the Sale Consideration paid at that time and indemnify the Purchaser against any and all damages incurred therefrom;
- (c) If the Purchaser breached any provision of the SPA, the Vendor may rescind the agreement and the Sale Consideration which have been paid at that time shall be confiscated by the Vendor as liquidated damages; and
- (d) If the transfer or delivery of the factory building is rendered impossible due to force majeure situations (including non-approval by HSPB), the Vendor and the Purchaser shall rescind the SPA and the Vendor shall refund the amount of the Sale Consideration paid at that time without interest.

## 4. RATIONALE AND USE OF PROCEEDS FOR THE PROPOSED SALE

The Group is strategically streamlining its operations to enhance and focus on its core strengths in designing and developing state-of-the-art equipment for burn-in and testing for integrated circuits.

The Board is of the view that the Proposed Sale is in the best interest of the Company and of the Group. 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.

The sales proceeds of approximately S\$7,874,000 from the Proposed Sale, will be allocated as follows:

- (i) 7% to reduce the bank borrowings of the Group;<sup>11</sup> and
- (ii) 93% for working capital and for product development.

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

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<sup>11</sup> 7% of the sales proceeds equals to the Group's total bank borrowings from the Taichung Commercial Bank. Said loan was repaid on 28 May 2024, and the mortgage on the Property, held by the Taichung Commercial Bank, was removed on 6 June 2024. As of the date of this Circular, there is no outstanding mortgage on the Property.

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## LETTER TO SHAREHOLDERS

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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.

### 5. FINANCIAL EFFECTS OF THE PROPOSED SALE

#### 5.1 General

The pro forma financial effects of the Proposed Sale on the NTA per share and the earnings per share of the Group set out below are **purely for illustration purposes only** and are therefore not necessarily indicative of the actual financial position of the Company or the Group after Completion of the Proposed Sale.

The pro forma financial effects have been prepared based on the audited consolidated financial statements of the Group for **FY2023**, being the most recently completed financial year.

#### 5.2 NTA

The pro forma financial effects of the Proposed Sale on the Group's NTA per share as at 31 July 2023, assuming that the Proposed Sale had taken place on 31 July 2023 are set out below:

<b>As at 31 July 2023</b>	<b>Before the Proposed Sale</b>	<b>After the Proposed Sale</b>
NTA (S\$'000)	72,274	79,296 <sup>12</sup>
Number of Shares ('000)	122,806	122,806
NTA per Share (cents)	58.9	64.6

#### 5.3 Earnings/(loss) per share

The pro forma financial effects 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 set out below:

<b>FY2023</b>	<b>Before the Proposed Sale</b>	<b>After the Proposed Sale</b>
Profit/(loss) after tax after non-controlling interests (S\$'000)	(3,108)	3,914 <sup>13</sup>
Earnings/(loss) per share (cents)	(2.5)	3.2 <sup>14</sup>

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<sup>12</sup> Being S\$72,274,000 plus net gain on disposal of S\$7,728,000 less estimated taxes of S\$706,000. The lease back expense pursuant to Paragraph 3.3 above, currently estimated to be in the amount of S\$132,000 per annum, will lead to a reduction of the NTA of around 0.2%.

<sup>13</sup> Being (S\$3,108,000) plus net gain on disposal of S\$7,728,000 less estimated taxes of S\$706,000. The lease back expense pursuant to Paragraph 3.3 above, currently estimated to be in the amount of S\$132,000 per annum, will lead to a reduction of the net profits of around 3.4%.

<sup>14</sup> The lease back expense pursuant to Paragraph 3.3 above, currently estimated to be in the amount of S\$132,000 per annum, will lead to a reduction of the EPS of around 3.4%.

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## LETTER TO SHAREHOLDERS

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### 5.4 Gain on Disposal

The Proposed Sale will result in a net gain on disposal of approximately S\$7,728,000<sup>15</sup>.

### 6. RELATIVE FIGURES COMPUTED BASED ON RULE 1006 OF THE LISTING MANUAL

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 Listing Manual are as follows:

Rule 1006	Bases	Relative Figures
(a)	The net asset value of the assets to be disposed compared with the Group's net asset value ("NAV").	0.2% <sup>16</sup>
(b)	The net profits attributable to the assets to be disposed of, compared with the Group's net profits.	13% <sup>17</sup>
(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% <sup>18</sup>
(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
(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.

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

### 7. DIRECTORS' AND SUBSTANTIAL SHAREHOLDER'S INTERESTS

As at the Latest Practicable Date, the interests of Directors and Substantial Shareholder of the Company in the Shares, based on the Company's register of interest of Directors and register of Substantial Shareholder respectively, are as follows:

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<sup>15</sup> Being Sale Consideration of S\$7,874,000 less net carrying amount of the Property of S\$146,000.

<sup>16</sup> NAV of the assets being disposed = S\$146,000. NAV of the Group = S\$67,643,000. Hence, relative figure = 0.2%

<sup>17</sup> Net profits attributable to the assets being disposed of refer to the rental income earned from the leasing of factory spaces to third-party tenants. Net profits attributable to the assets being disposed = S\$274,000. Loss before tax of the Group = S\$2,186,000. Hence, the relative figure = 13%.

<sup>18</sup> 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. Hence, the relative figure = 34%. The weighted average price of shares transacted on the market day preceding the date of the SPA is S\$0.19.

## LETTER TO SHAREHOLDERS

	Direct Interest		Indirect/Deemed Interest <sup>(1)</sup>		Total Interest	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
<b>Directors</b>						
Samuel Lim Syn Soo	67,466,666	54.94	-	-	67,466,666	54.94
Kenneth Tan Teoh Khoon	2,130,000	1.73	-	-	2,130,000	1.73
Daniel Soh Chung Hian	-	-	-	-	-	-
Timothy Brooks Smith	-	-	-	-	-	-
Sandy Foo Fei Ying	-	-	-	-	-	-
<b>Substantial Shareholder</b>						
Samuel Lim Syn Soo	67,466,666	54.94	-	-	67,466,666	54.94

Note :

(1) There are 122,806,000 Shares as at the Latest Practicable Date.

None of the Directors or Substantial Shareholder of the Company has any interest, direct or indirect, in the Proposed Sale (other than through their respective shareholdings in the Company, if any).

### 8. DIRECTORS' RECOMMENDATION

Having considered, *inter alia*, the terms, rationale for and benefits of the Proposed Sale, the Directors are of the opinion that the Proposed Sale is in the interests of the Company and Shareholders. Accordingly, the Directors recommend that Shareholders vote in favour of the Ordinary Resolution relating to the Proposed Sale as set out in the Notice of EGM.

### 9. NO NEW DIRECTORS

No new directors are proposed to be appointed to 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.

### 10. EGM

The EGM will be held at Meeting Room 332, Level 3, Suntec Singapore International Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593 on 22 July 2024 at 10:00 a.m. for the purpose of considering and, if thought fit, passing the Ordinary Resolution (with or without any modification) set out in the Notice of EGM.

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## LETTER TO SHAREHOLDERS

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### 11. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders will find enclosed with this Circular, the Notice of EGM and a Proxy Form. Shareholders who are unable to attend the EGM and wish to appoint a proxy to attend, speak and vote at the EGM on their behalf must complete, sign and return the Proxy Form attached to this Circular in accordance with the instructions set out thereon as soon as possible and in any event so as to arrive at 10 Anson Road, #29-07 International Plaza, Singapore 079903 not less than 72 hours before the time fixed for the EGM. Alternatively, the Proxy Form can be submitted via email by attaching a signed PDF copy of the Proxy Form to [sunright-egm@complete-corp.com](mailto:sunright-egm@complete-corp.com) before the cut-off time for the lodgement. The completion and lodgement of the Proxy Form by a Shareholder does not preclude him from attending and voting in person at the EGM should he subsequently decides to do so, although the appointment of the proxy shall be deemed to be revoked by such attendance.

A Depositor shall not be regarded as a shareholder of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register as at 72 hours before the EGM.

Mr. Samuel Lim Syn Soo, who is the Executive Chairman and Chief Executive Officer, and holding 54.94% of the issued and paid-up capital in the Company, has irrevocably undertaken to the Company to vote or cause the votes attaching to his shares to be voted in favour of the Ordinary Resolution to be proposed at the EGM, and at any adjournment hereof.

### 12. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Sale, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

### 13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company during normal business hours on any weekday (public holidays excepted) for a period of three (3) months from the date of the Announcement, until 24 August 2024.

- (a) the SPA; and
- (b) the Valuation Report.

Yours faithfully

Samuel Lim Syn Soo  
Executive Chairman and Chief Executive Officer  
Sunright Limited  
For and on behalf of the Board of Directors

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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**SUNRIGHT LIMITED**  
(Company Registration No. 197800523M)  
(Incorporated in Singapore)

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an Extraordinary General Meeting of Sunright Limited (the “**Company**”) will be held at Meeting Room 332, Level 3, Suntec Singapore International Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593 on 22 July 2024 at 10:00 a.m. for the purpose of considering and, if thought fit, passing (with or without any modification), the following resolution:

*Unless otherwise defined, all terms in this Notice of EGM shall have the same meanings as those defined or construed in the Circular dated 5 July 2024 issued by the Company to the Shareholders.*

#### **ORDINARY RESOLUTION**

**THE PROPOSED SALE OF THE FACTORY BUILDING AND ITS ANCILLARY EQUIPMENT AND FACILITIES LOCATED AT NO. 8, HSIN-ANN ROAD, HSINCHU SCIENCE PARK, HSINCHU CITY FOR A TOTAL CONSIDERATION OF NT\$188 MILLION**

THAT, approval be and is hereby given:

- (a) for the Proposed Sale by the Vendor on the terms and subject to the conditions set out in the SPA, as described in Section 3 of the Circular;
- (b) for all the Directors and each of them be and are hereby authorised and empowered to do all acts and things (including without limitation, executing all such documents and approving any amendments, alterations or modifications to any such documents as may be required in connection with the Proposed Sale) as they or each of them may consider necessary or expedient to give effect to this Resolution; and
- (c) any acts, matters and things done or performed, and/or documents signed, executed, sealed and/or delivered by any Director in connection with the Proposed Sale and this Resolution be and are hereby approved, confirmed and ratified.

By Order of the Board

Adeline Lim Kim Swan  
Company Secretary  
5 July 2024

#### **Notes:**

1. **Format of Meeting.** The EGM will be held in a **wholly physical format**. Members and proxy(ies) have to attend the EGM in person as there will be **no option to participate virtually**.
2. **Notice of EGM and Proxy Form.** Printed copies of this Notice of EGM and accompanying Proxy Form will not be sent to members. Instead, these will be published on and can be accessed at the Company’s website, at the URL [https://www.sunright.com/eng/investor\\_relations.htm](https://www.sunright.com/eng/investor_relations.htm) and SGX website, at the URL <https://www.sgx.com/securities/company-announcements>.
3. **Submission of Questions Relating to the Agenda of the EGM**  
Members may **submit the questions in advance of the EGM**, in the following manner:
  - (a) by posting to Sunright Limited, c/o Complete Corporate Services Pte Ltd, 10 Anson Road, #29-07 International Plaza, Singapore 079903; or
  - (b) by email to [sunright-egm@complete-corp.com](mailto:sunright-egm@complete-corp.com),

in either case, **by 10:00 a.m. on 12 July 2024**.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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When submitting questions by post or via email, please also provide your full name, NRIC (last 3 numerical digits and checksum)/Passport (last 4 numerical digits)/Company Registration No., address and the manner in which you hold shares in the Company (e.g. via CDP, CPF or SRS).

The Company will endeavour to address the questions and publish on its website, at the URL [https://www.sunright.com/eng/investor\\_relations.htm](https://www.sunright.com/eng/investor_relations.htm) and SGX website, at the URL <https://www.sgx.com/securities/company-announcements> before trading hours on 17 July 2024. If there are subsequent clarifications sought, or follow-up questions (which are related to the resolution to be tabled for approval at the EGM) received after the cut-off time for the submission of questions which have not already been addressed prior to the EGM, these may be addressed at the EGM.

Where substantially similar questions are received, the Company will consolidate these questions. As such, not all questions will be addressed individually.

Members, duly appointed proxy(ies) and corporate representatives can also ask the questions at the EGM itself.

4. **Voting.** All the resolutions will be put to vote at the EGM (and at any adjournment thereof) by way of a poll.
5. **Appointment of Proxy(ies)**
  - (i) A member is entitled to appoint proxy(ies) to attend, speak and vote at the EGM on his/her/its behalf. A proxy needs not be a member of the Company.
  - (ii) A member (who is not a Relevant Intermediary) is entitled to appoint not more than two proxies. Where such member appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the Proxy Form. "Relevant Intermediary" has the meaning ascribed to it in Section 181 of the Singapore Companies Act 1967.
  - (iii) A member who is a Relevant Intermediary, is entitled to appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the Proxy Form.
  - (iv) Where a member appoints proxy(ies), he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the proxy(ies) may vote or abstain from voting at his/her/its discretion.
  - (v) A member can appoint the Chairman of the EGM as his/her/its proxy, but this is not mandatory.
  - (vi) The **Proxy Form must be duly completed, signed and submitted** in the following manner:
    - (a) by posting to Sunright Limited, c/o Complete Corporate Services Pte Ltd, 10 Anson Road, #29-07 International Plaza, Singapore 079903; or
    - (b) by email to [sunright-egm@complete-corp.com](mailto:sunright-egm@complete-corp.com).in either case, **by 10:00 a.m. on 19 July 2024**, being 72 hours before the time appointed for holding the EGM. The appointment of the proxy(ies) for the EGM will be deemed to be revoked if the member attends the EGM in person and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the relevant Proxy Form, to the EGM.
  - (vii) CPF/SRS investors who hold the Company's shares:
    - (a) may attend the EGM if they are appointed as proxies by their respective CPF Agent Banks/SRS Operators, and should contact their respective CPF Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies; or
    - (b) may appoint the Chairman of the EGM as proxy to vote on their behalf at the EGM, in which case they should approach their CPF Agent Banks/SRS Operators to submit their votes by 5:00 p.m. on 11 July 2024.
6. Any reference to a time of day is made by reference to Singapore time.
7. **Circular dated 5 July 2024.** Printed copy will not be sent to members. Instead, it will be published on and can be accessed at the Company's website, at the URL [https://www.sunright.com/eng/investor\\_relations.htm](https://www.sunright.com/eng/investor_relations.htm) and SGX website, at the URL <https://www.sgx.com/securities/company-announcements>. Nonetheless, a limited number has been printed for shareholders.

For members who still wish to receive a printed copy, he/she/it may submit his/her/its request by downloading the Request Form from the Company's website at the URL [https://www.sunright.com/eng/investor\\_relations.htm](https://www.sunright.com/eng/investor_relations.htm). The duly completed Request Form must be submitted to and reach the Company no later than 12 July 2024.

### Other Notes:

1. Printed copies of the Circular dated 5 July 2024 may be collected at the EGM (subject to availability), on a first come, first served basis.
2. The Company will record or take photograph during the EGM for its record archival and minutes purposes. By participating in the EGM, member(s), proxy(ies) and corporate representatives will be deemed to have consented to the Company's recording and/or taking photographs of him or her at the EGM.
3. We seek your understanding that **no refreshment will be served at the EGM.**

### Personal Data Privacy:

By submitting the Proxy Form appointing proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company accepts and agrees that all personal data provided to the Company is subject to its Privacy Policy, which is available at [www.sunright.com](https://www.sunright.com).



**PROXY FORM**

**SUNRIGHT LIMITED**

Co. Reg. No.197800523M  
(Incorporated in the Republic of Singapore)

**EXTRAORDINARY GENERAL MEETING ("EGM")  
PROXY FORM**

**IMPORTANT**

1. Relevant intermediary as defined in Section 181 of the Singapore Companies Act 1967 may appoint more than two proxies to attend, speak and vote at the EGM.
2. For CPF/SRS investors who have used their CPF/SRS monies to buy shares in the Company, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.
3. Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of proxy(ies) to attend, speak and vote on a member's behalf, at the EGM.
4. By submitting this Proxy Form, the member accepts and agrees that all personal data provided to the Company is subject to its Privacy Policy, which is available at [www.sunright.com](http://www.sunright.com).

I/We\* \_\_\_\_\_ (Full Name),

NRIC/Passport/Company Registration No.\* \_\_\_\_\_ of

\_\_\_\_\_ (Full Address)

being a member/members\* of Sunright Limited (the "Company"), hereby appoint

Name	NRIC/Passport Number	Proportion of Shareholdings (see Note 3)	
		Number of Shares	%
Address			

and/or\*

Name	NRIC/Passport Number	Proportion of Shareholdings (see Note 3)	
		Number of Shares	%
Address			

or failing either or both of the persons referred to above, the Chairman of the EGM, as my/our\* proxy/proxies\* to attend, speak and vote for me/us\* on my/our\* behalf at the EGM to be held at Meeting Room 332, Level 3, Suntec Singapore International Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593 on Monday, 22 July 2024 at 10:00 a.m. and at any adjournment thereof.

I/We\* direct my/our\* proxy(ies) to vote for or against, or abstain from voting the resolutions proposed at the EGM as indicated hereunder. If no specific direction in respect of a resolution is given or in the event of any item arising not summarised below, my/our\* proxy(ies) may vote or abstain from voting at his/her\* discretion.

Ordinary Resolution	For**	Against**	Abstain**
Approval of the Proposed Sale by the Vendor			

\* Delete as appropriate.

\*\* You may tick (✓) within the relevant box to vote for or against, or abstain from voting, in respect of all your shares for the resolution. Alternatively, you may indicate the number of shares that you wish to vote for or against, and/or abstain from voting, for the resolution in the relevant box.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2024

Total Number of Shares Held	
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\_\_\_\_\_  
Signature(s)/Common Seal of Member(s)

**IMPORTANT: PLEASE READ NOTES OVERLEAF**

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## PROXY FORM

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**IMPORTANT: PLEASE READ THE FOLLOWING NOTES.**

**Notes:**

1. If a member has ordinary shares in the Company entered against his/her/its name in the Depository Register (maintained by The Central Depository (Pte) Limited), he/she/it should insert that number of ordinary shares. If a member has ordinary shares in the Company registered in his/her/its name in the Register of Members (maintained by or on behalf of the Company), he/she/it should insert that number of ordinary shares. If a member has ordinary shares entered against his/her/its name in the Depository Register and ordinary shares registered in the Register of Members, he/she/it should insert the aggregate number of ordinary shares. If no number is inserted, this Proxy Form shall be deemed to relate to all the ordinary shares held by the member.
2. A member is entitled to appoint proxy(ies) to attend, speak and vote at the EGM on his/her/its behalf. A proxy needs not be a member of the Company.
3. A member (who is not a Relevant Intermediary) is entitled to appoint not more than two proxies. Where such member appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the Proxy Form.  
  
"Relevant Intermediary" has the meaning as ascribed to it in Section 181 of the Singapore Companies Act 1967.
4. A member who is a Relevant Intermediary, is entitled to appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the Proxy Form.
5. Where a member appoints proxy(ies), he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the proxy(ies) may vote or abstain from voting at his/her/its discretion.
6. A member can appoint the Chairman of the EGM as his/her/its proxy, but this is not mandatory.
7. The **Proxy Form must be duly completed, signed and submitted** in the following manner:
  - (a) by posting to Sunright Limited, c/o Complete Corporate Services Pte Ltd, 10 Anson Road, #29-07 International Plaza, Singapore 079903; or
  - (b) by email to [sunright-egm@complete-corp.com](mailto:sunright-egm@complete-corp.com),in either case, **by 10:00 a.m. on 19 July 2024**, being 72 hours before the time appointed for holding the EGM.
8. Appointment of proxy(ies) shall not preclude a member from attending, speaking and voting at the EGM. The appointment of proxy(ies) shall be deemed to be revoked if a member attends the EGM in person, and in such event, the Company reserves the right to refuse to admit any person(s) appointed under the relevant Proxy Form, to the EGM.
9. The Proxy Form must be signed under the hand of the appointor or of his/her/its attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised.
10. Where Proxy Form is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the Proxy Form, failing which it may be treated as invalid.
11. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM, in accordance with Section 179 of the Singapore Companies Act 1967.
12. In the case of joint holders of shares, any one of such persons may vote, but if more than one of such persons be present at the EGM, the person whose name stands first on the Register of Members or in the Depository Register (as the case may be) shall alone be entitled to vote.
13. Any alteration made to the Proxy Form should be initialled by the appointor who signs it.
14. The Company shall be entitled to reject the Proxy Form if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Proxy Form (including any related attachment). In addition, in the case of ordinary shares entered in the Depository Register, the Company may reject any Proxy Form lodged or submitted if the member, being the appointor, is not shown to have ordinary shares entered against his/her/its name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.
15. Any reference to a time of day is made by reference to Singapore time.

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**SUMMARY LETTER OF THE VALUATION REPORT**

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## SUMMARY LETTER OF THE VALUATION REPORT

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**DTRE**

DT Real Estate Joint Appraisers Firm

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6 May 2024

**KEST Systems and Service Ltd.**

No.8 Hsin An Road., Science-Based Ind. Park,  
Hsinchu Taiwan (R.O.C.)

Dear Sirs,

**Summary letter of the valuation of a property in relation to the proposed sale by KEST Systems and Service Ltd. (the “KEST”) which is a 100%-owned subsidiary of Sunright Limited on the Main board of the Singapore Exchange Securities Trading Limited (the “SGX-ST”)**

As instructed by KEST Systems and Service Ltd, we, DT Real Estate Joint Appraisers Firm (“DTRE”), have issued a valuation report dated 6 May 2024 with material date of valuation as of 18 April 2024 (“Valuation Report”) outlining the Market Value for the property in No. 8, Hsin-Ann Road, Hsinchu City, Taiwan (“Property”) for the purpose of the proposed sale by KEST, application for transfer of the subject property with Hsinchu Science Park Bureau of the National Science and Technology Council, and together with summary valuation report/certificate to be included in a public circular.

We provide this Letter which is a condensed version of our more extensive Valuation Report dated 6 May 2024, outlining key factors that have been considered in arriving at our opinions of value. This Letter should be read in conjunction with the issued Valuation Report. We have issued the comprehensive formal full Valuation Report and this Letter which is vested with KEST, in accordance with the terms of engagement entered into between DTRE and KEST.

**Basis of Valuation**

Valuation has been conducted in compliance with the regulations stipulated in the *Regulations on Real Estate Appraisal* promulgated by the Ministry of the Interior (Taiwan), whose definition of the term “Market Value” is “the reasonable value, expressed as a monetary amount, of a marketable real estate whose transaction is formed with willing buyers and willing sellers whose actions are prudent and guided by professional knowledge and under no influence or coercion, and such transaction is completed through appropriate marketing and under normal conditions”, and corresponds materially with the definition of market value set out in the Practice Guide. We have also prepared this Summary Letter and the Valuation Certificate taking into consideration the Singapore Institute for Surveyors and Valuers (SISV)’s “Practice Guide For Valuation Reporting for REITs, Listed Companies and Initial Public Offerings (IPOs) including inclusion in Prospectus and Circulars”.

**Brief Property Description**

The Property details are as follows:

The appraised property (No.8, Hsin-Ann Road of Hsinchu City) stands on a state-owned land lot in Hsinchu Science Park that has its four sides fronting respectively the 22-meter Hsin-Ann Road on

the south, the 11-meter Technology Road on the east, the 10-meter Technology 3rd Road on the north, and the on-ramp of National Freeway No.1 on the west (access to the host land lot blocked by

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an iron fence and a green belt). The land shape is roughly trapezoid, and the terrain flat/level. On the land lot is a privately developed 8-meter road leading to the parking lot of subject building No.596, Keyuan Subdivision, Keyuan Section. The appraised Building Units: 6,530.09 square meters or 1,975.36 pings.<sup>1</sup>

### **Valuation Rationale**

In arriving at our valuation opinion, we have considered relevant general and economic factors and in particular have investigated recent sales and leasing transactions of comparable property market. The present valuation aims at appraising the Property (involving no land ownership) located in Hsinchu Science Park. Transaction of similar properties in subject region relies mainly on sales or rental. We have accordingly adopted Sales Comparison and the Income-based Direct Capitalization methods to appraise the value of the Property.

In applying the selected Sales Comparison and the Income-based Direct Capitalization methods to appraise the reasonable value of Property, the present valuation begins by identifying the appraised unit 2F in No. 8, Hsin-Ann Road as the benchmark unit.

#### **1. Sales Comparison Approach**

The Sales Comparison Approach estimates the value of the benchmark unit by reference to the sale price of comparable properties with similar features and gives due consideration of and makes adjustments by relevant price determining variance. The three comparable properties selected to facilitate the appraisal using the sales comparison approach are located within close proximity to the Property and are located within the Hsinchu Science Park. The Percentage of Comparison method is adopted to analyze the differences between the benchmark unit and these comparables in terms of location, surrounding, and individual factors and make necessary adjustments.

#### **2. Income-based Direct Capitalization Approach**

The Income-based Direct Capitalization Approach estimates the objective net income that the appraised property is able to generate in the future one year. The method uses the income capitalization rate at the date of the appraised value to calculate the value of the benchmark unit, and adopted the rents of three comparable properties at the time of survey as the basis for estimating net income. The income capitalisation rate of 8.79% was based on a survey of the local real estate market of similar properties in the subject region. Total gross annual income, effective annual income, annual expenses and other parameters are subsequently estimated to help reach the income value of the benchmark unit. Proper adjustments based on related features and factors of the comparables and the benchmark unit are then made and weighted to decide on the appraised value of the benchmark unit.

Taking into consideration of the valuation purpose, the type and features of the Property, its current use, and the special attributes of the adopted appraisal approaches, the present valuation has reached the appraised values as follows: There is no significant difference between the sales value, NT\$94,000 per ping, and rental value of Property, NT\$88,000 per ping. Therefore, in consideration of the reliability of the data obtained for the above two valuation approaches, various price-determining factors and related valuation parameters, the present valuation proceeds to conclude the normal value of subject property by assigning equal weights to the appraised results reported above.

Once the value of the benchmark unit is determined, the value of the appraised 1F unit can be estimated by making proper adjustments in terms of the relationship between unit and total prices and relevant property features like ventilation and access to sunlight. The registered parking spaces are appraised by

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<sup>1</sup> 1 Ping = 3.305 Square Meters

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## SUMMARY LETTER OF THE VALUATION REPORT

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**DTRE**

*DT Real Estate Joint Appraisers Firm*

*Sales Comparison* method alone, while the unregistered parking spaces (with right-of-use only) are appraised by *Income-based Direct Capitalization* Approach.

### **Summary of Value**

The Property as of 18 April 2024 is NT\$186,150,240 (approximately S\$7,797,000)<sup>2</sup>.

The appraisal conclusion presented above serves exclusively for the purpose specified above; users of the appraisal report are advised to peruse all declarations, limitations, essential information, and valuation assumptions and parameters enumerated herein so as to avoid any potential misunderstanding or misuse of the report.

### **Reliance on this letter**

We have prepared this Letter which summarizes our Valuation Report and outlines key factors which have been considered in arriving at our valuation opinion. DTRE has provided KEST with a comprehensive Valuation Report for the Property. The valuation and market information are not guaranteed or predictions and must be read in consideration of the following:

This Letter alone does not contain all the necessary data and support information in terms of the valuation, which is included within our Valuation Report. To understand the complexity of the methodology and the many variables involved, reference must be made to the Valuation Report.

### **Key Risks, Assumptions, Disclaimers, Limitations, and Qualifications**

DTRE have prepared this Letter which appears in the Circular and, to the extent permitted by law, specifically disclaim liability to any person in the event of any omission from or false or misleading statement included in this Circular, other than in respect of the information provided within the aforementioned Reports and this Letter. DTRE does not make any warranty or representation as to the accuracy of the information in any other part of this Circular other than as expressly made or given by DTRE in this Letter.

Neither this letter, nor the Valuation Report purport to contain all the information that any interested party may require. They do not consider individual circumstances, financial situation, investment objectives or requirements. They are intended to be used as guide only and do not constitute advice including without any limitation, investment, tax, legal or any other type of advice. The valuations stated are only best estimates and are not to be construed as a guarantee. The material contained in these valuations should not be relied upon as a statement or representation of fact without confirmation or satisfaction as to its correctness by independent investigation and review of the Valuation Report to understand the assumptions and methodologies stated in the valuations.

This Letter and the Valuation Report are strictly limited to the matters contained within those documents and are not to be read as extending, by implication or otherwise, to any other matter in this circular. To the extent permitted by law, DTRE specifically disclaims any liability in respect of the use of or reliance on this Letter to any person in the event of any omission or false or misleading statement other than to the Addressees. DTRE does not give any warranty or representation as to the accuracy of the information in any other part of this Letter.

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<sup>2</sup> The conversion of NT\$ to S\$ was done using the exchange rate of S\$4.1885 to NT\$100 on 23 May 2024 obtained from the Monetary Authority of Singapore.

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**SUMMARY LETTER OF THE VALUATION REPORT**

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**DTRE**

*DT Real Estate Joint Appraisers Firm*

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The Valuation Certificate is appended.

Yours sincerely

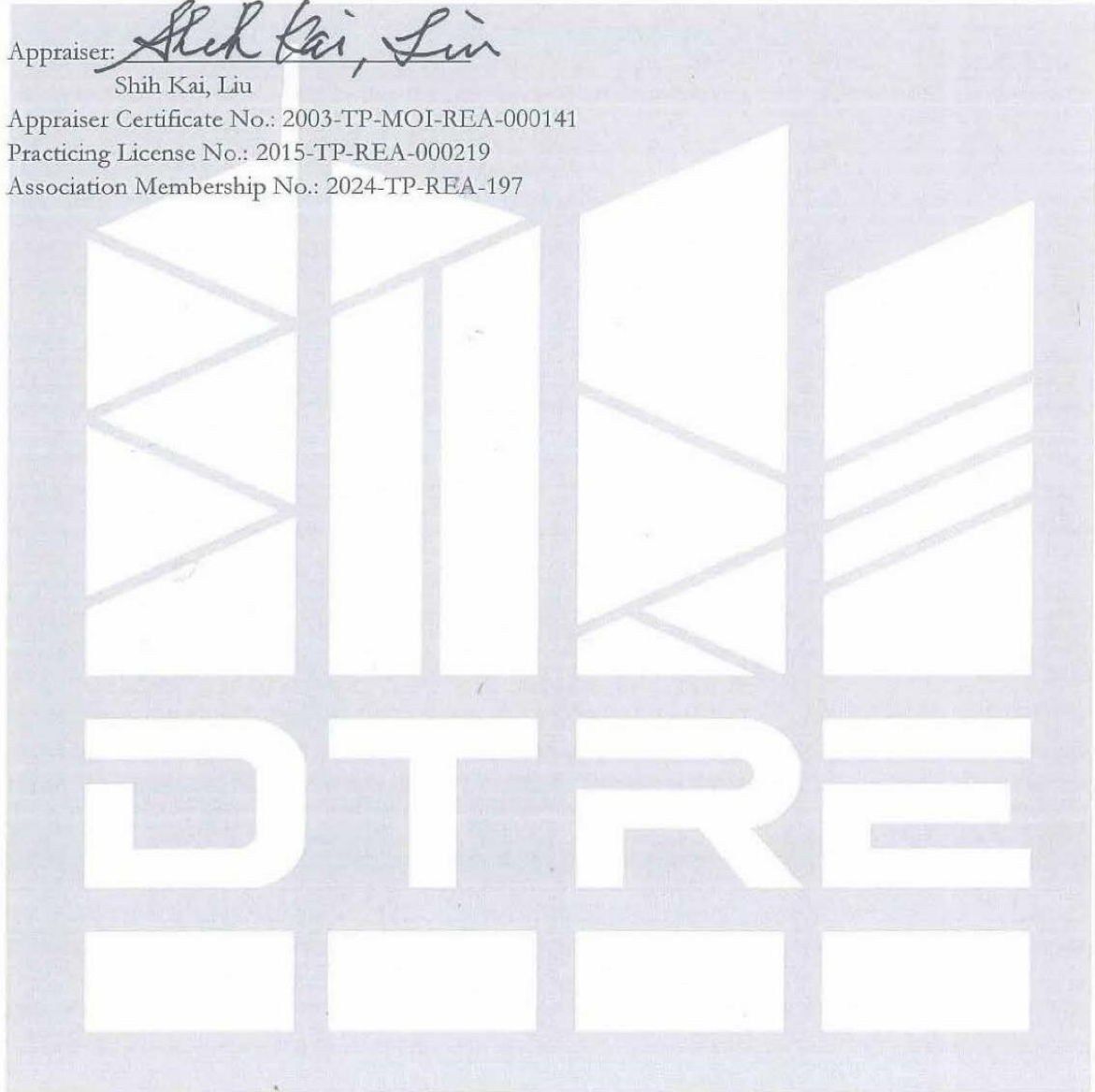
DT Real Estate Joint Appraisers Firm

Appraiser: *Shih Kai, Liu*  
Shih Kai, Liu

Appraiser Certificate No.: 2003-TP-MOI-REA-000141

Practicing License No.: 2015-TP-REA-000219

Association Membership No.: 2024-TP-REA-197



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**VALUATION CERTIFICATE**

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**VALUATION CERTIFICATE****DTRE**

DT Real Estate Joint Appraisers Firm

**Valuation Certificate**

Items	Information
Address of Property	1~2F, No.8, Hsin-Ann Road, Hsinchu City (plus 32 ramp-style ground parking spaces)
Name of Client	KEST Systems and Service Ltd.
Purpose of Valuation	For sale purpose, application for transfer of Property with Hsinchu Science Park Bureau of the National Science and Technology Council, and in connection with disclosure requirements in public circular.
Interest to be valued	100% interest on appraised property
Basis of Valuation	Appraisal of reasonable market value of subject assets.
Registered Owner	KEST Systems and Service Ltd.
Master Plan Zoning	Be granted a permissible building coverage ratio of 60% and a floor-are ratio of 200%.
Brief Description of Property	The appraised property (No.8, Hsin-Ann Road of Hsinchu City) stands on a state-owned land lot in Hsinchu Science Park that has its four sides fronting respectively the 22-meter Hsin-Ann Road on the south, the 11-meter Technology Road on the east, the 10-meter Technology 3 <sup>rd</sup> Road on the north, and the on-ramp of National Freeway No.1 on the west (access to the host land lot blocked by an iron fence and a green belt). The land shape is roughly trapezoid, and the terrain flat/level. On the land lot is a privately developed 8-meter road leading to the parking lot of subject building No.596, Keyuan Subdivision, Keyuan Section.
Gross Floor Area (GFA)	Appraised Building Units: 6,530.09 square meters or 1,975.36 pings.
Net Lettable Area (NLA)	Appraised Building Units: 3,265.05 square meters or 987.68 pings.
Valuation Approach	Sales Comparison and the Income-based Direct Capitalization methods
Date of Valuation	18 April 2024
Assessed Value	NT\$186,150,240.00
Capitalization Rate	8.79%
Market Value Based psm on GFA	NT\$28,506.54 per square meters
Market Value Based psm on NLA	NT\$28,506.54 per square meters

Prepared by appraiser :

Shih Kai, Liu

Appraiser Certificate No.: 2003-TP-MOI-REA-000141

Practicing License No.: 2015-TP-REA-000219

Association Membership No.: 2024-TP-REA-197

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**SUMMARY OF THE VALUATION REPORT<sup>19</sup>**

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<sup>19</sup> Translated from the original Chinese version.

**SUMMARY OF THE VALUATION REPORT**

**DTRE**

DT Real Estate Joint Appraisers Firm

**SUMMARY OF APPRAISAL REPORT**

**I. APPRAISAL REPORT NO.:** DTA1130404

**II. CLIENT:** KEST Systems and Service Ltd.

**III. ESSENTIAL INFORMATION OF APPRAISED SUBJECT**

**i. Location of Appraised Property**

1. Appraised Building  
Building No.555, Keyuan Subdivision, Keyuan Section, Hsinchu City
2. Building Doorplate  
1~2F, No.8, Hsin-Ann Road, Hsinchu City (plus 32 ramp-style ground parking spaces)
3. Size (Area) of Appraised Property  
Appraised Building Units: 6,530.09 square meters or 1,975.36 pings.  
It should be noted that the floor area listed above include parking spaces (total floor area 714.05 square meters or 216.00 pings)

**ii. Owner of Appraised Property & Share of Ownership: Appraised Building Units**

Item	Bld. Doorplate	Bld. No.	Owner	Floor Area (m <sup>2</sup> )	Share of Ownership	Shared Floor Area (m <sup>2</sup> )	Remark
				Floor Area (ping)		Shared Floor Area (ping)	
1	1~2F, No.8, Hsin-Ann Road	555	KEST Systems and Service Ltd.	5,988.05	1/1	5,988.05	Including 9 B1 and 10 B2 parking spaces (total: 19 parking spaces)
				1,811.39		1,811.39	
2	B1~B2 under the meadow on the south of No.8 of Hsin-Ann Road	596	KEST Systems and Service Ltd.	4,075.52	1330/10000	542.04	Including 50 B1 motorcycle parking spaces and 8 B2 car parking spaces. The area of the 5 parking spaces on the meadow is not included in that of the appraised building.
				1,232.84		163.97	
Total				6,530.09 m <sup>2</sup> or 1,975.36 pings			

**iii. Zoning/Land Use of Appraised Property**

Covered in the scope of “Phase 1 of the Detailed Plan (including Review of the Need to Redelineate Urban Planning Map) of Special District Allocated for Hsinchu Science Park (focusing on the part of Hsinchu City and not including the area covered by the Plan for Reviewing and Amending Regulations Governing Gao Feng Conservation District),” subject land lot No.15 of Keyuan Subdivision in Keyuan Section is designated for science park special use and granted a permissible building coverage ratio of 60% and a floor-area ratio of 200%.

**iv. Current Status of Appraised Property**

The appraised property (No.8, Hsin-Ann Road of Hsinchu City) stands on a state-owned land lot in Hsinchu Science Park that has its four sides fronting respectively the 22-meter Hsin-Ann Road on the south, the 11-meter Technology Road on the east, the 10-meter Technology 3rd Road on the north, and the on-ramp of National Freeway No.1 on the west (access to the host land lot blocked by an iron fence and a green belt). The land shape is roughly trapezoid, and the terrain

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## SUMMARY OF THE VALUATION REPORT

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flat/level. On the land lot is a privately developed 8-meter road leading to the parking lot of subject building No.596, Keyuan Subdivision, Keyuan Section.

The host land lot is the site of an 8-story office-cum-factory building (with two stories of basement) divided into two halves; the doorplate of the east half reads No.6 of Hsin-Ann Road and that of the west half No.8 of Hsin-Ann Road. There is no passage connecting the two halves each of which has its own passenger and freight elevators, as well as emergency staircases. The appraised property incorporates the ground floor (1F) and the second floor (2F) units of No.8, Hsin-Ann Road (the west half of the host building). The 1F unit is on lease to [REDACTED], while half of the 2F unit is on lease to [REDACTED] and half used by our client KEST Systems and Service Ltd. as office, factory, and warehouse. The 2F unit includes a conference room shared by KEST Systems and Service and [REDACTED]. In terms of public facilities, the building is equipped with four passenger elevators on the west side (two runs from B2 to 8F, and two from B2 to 7F), two freight elevators on the north side (one runs from 1F to 8F, one from 1F to 7F), and two B2-8F emergency staircases located respectively on the northwest and southwest sides.

For parking spaces, both the B1 and B2 of subject Building No.555 serve as car parking lots, providing ramp-style ground parking spaces. The appraised parking spaces include nine B1 spaces (A002, A056, A057, A058, A079, A080, A096, A097, and A098) and ten B2 spaces (B008, B009, B026, B027, B028, B050, B051, B052, B053, and B054). Entrance to the parking lots is located on the north side of the building. For Building No.596, B1 is for motorcycle parking and B2 for car parking. The appraisal covers 8 ramp-style ground parking spaces (C032, C033, C034, C037, C038, C039, C040, and C041). Entrance to the parking lot relies on two staircases without any passenger elevator. The meadow that hosts Building No.596 incorporates a plain lot legally in use as parking spaces whose area is not included in that of Building No.596. There are five ground parking spaces (No.27, 28, 29, 30, and 38). Car and motorcycle have their separate driveways at the ground floor with cars capable of going directly from B2 to the ground floor. Entrance to the basement parking lot is located between Building No.555 and Building No.596.

#### **IV. APPRAISAL PARAMETERS**

- i. **Appraisal Purpose:** Appraisal of reasonable market value of subject assets.
- ii. **Types of Appraised Value:** Normal value.
- iii. **Appraisal Conditions:** Subject property is appraised under normal conditions.
- iv. **Date of Appraisal:** April 18, 2024
- v. **Date of Inspection:** April 18, 2024

#### **V. APPRAISED VALUE: NT\$186,150,240.00**

The appraisal conclusion presented above serves exclusively for the purpose specified above; users of the appraisal report are advised to peruse all declarations, limitations, essential information, and valuation assumptions and parameters enumerated herein so as to avoid any potential misunderstanding or misuse of the report.

Our appraisal firm has summarized for your reference the appraised value of subject building units and parking spaces by floor as follows:

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**SUMMARY OF THE VALUATION REPORT**

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<i>Item</i>	<i>Bld. No.</i>	<i>Doorplate</i>	<i>Area (ping)</i>	<i>No. of Spaces</i>	<i>Parking type</i>	<i>Appraised Unit Value (NT\$/ping) (NT\$/space)</i>	<i>Total Appraised Value</i>
1	555	1F, No.8, Hsin-Ann Road	733.56	--	--	99,000	72,622,440
2	555	2F, No.8, Hsin-Ann Road	1,025.80	--	--	91,000	93,347,800
3	555	B1 Parking Lot	72.00	9	Ramp-style Ground Parking	680,000	6,120,000
4	555/596	B2 Parking Lot	144.00	18		650,000	11,700,000
5	--	Parking Lot on Meadow, Building No.596	--	5		472,000	2,360,000
Total			1,975.36	32	--	--	186,150,240

**VI. ENCUMBRANCE:**

One count of encumbrance is identified. The appraised subject in whole (Building No.555, Keyuan Subdivision, Keyuan Section) has been pledged to Taichung Commercial Bank at a maximum mortgage value of NT\$35,000,000.

**VII. APPRAISER IN CHARGE:**

Appraiser: \_\_\_\_\_ [Signed]

Shih Kai, Liu

Appraiser Certificate No.: 2003-TP-MOI-REA-000141

Practicing License No.: 2015-TP-REA-000219

Association Membership No.: 2024-TP-REA-197

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