



## SUNRIGHT LIMITED

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

### ANNOUNCEMENT

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## RESPONSE TO SGX REGCO'S QUERIES IN RELATION TO THE COMPANY'S ANNOUNCEMENT DATED 11 MARCH 2022

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The Board of Directors of Sunright Limited (the "Company") refers to the queries raised by Singapore Exchange Regulation ("SGX RegCo") on 22 March 2022 in relation to the Company's announcement dated 11 March 2022 concerning its unaudited financial results for the six months ended 31 January 2022 ("1H2022 Financial Statements") and wishes to provide the responses to the queries as follows:

### Query (i)

It was disclosed in the 1H2022 Financial Statements that the Group reported an increase in the "Other receivables" financial statement line item under its non-current assets from S\$568,000 as at 31 July 2021 to S\$583,000 as at 31 January 2022. It also reported an increase in the "Trade and other receivables" financial statement line item under its current assets from S\$19,207,000 as at 31 July 2021 to S\$19,733,000 as at 31 January 2022.

At pg 16, it was provided that: "Current trade and other receivables were higher by \$0.5 million or 3%, from \$19.2 million to \$19.7 million, mainly due to improved service sales in the first half of current financial year as compared with the second half of previous financial year, as well as higher VAT receivables."

In this regard, please disclose:

- (a) The nature and breakdown of the Group's trade and other receivables in its current and non-current assets;
- (b) The underlying transactions and terms of the transactions (including contract sum) and payment terms of the underlying contracts;
- (c) Aging of the Group's trade and other receivables;
- (d) The Group's plans to recover these trade and other receivables; and
- (e) The Board's assessment on the recoverability of these trade and other receivables.



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### Company's Responses

- (a) The table below provides the nature and breakdown of the Group's trade and other receivables (current and non-current):

| S\$'000                                   | 31 January<br>2022   | 31 July<br>2021      |
|---|----------------------|----------------------|
| <b>Non-current</b>                        |                      |                      |
| Other receivables:                        |                      |                      |
| - Sundry deposits                         | 583                  | 568                  |
| <b>Current</b>                            |                      |                      |
| Trade receivables                         | 19,441               | 19,210               |
| Allowance for impairment                  | (819)                | (874)                |
|   | <u>18,622</u>        | <u>18,336</u>        |
| <b>Current</b>                            |                      |                      |
| Other receivables:                        |                      |                      |
| - Sundry deposits                         | 81                   | 76                   |
| - Sundry receivables                      | 1,010                | 795                  |
| - Derivatives                             | 9                    | -                    |
| - Dividend receivables                    | 11                   | -                    |
|   | <u>1,111</u>         | <u>871</u>           |
| Total current trade and other receivables | <u>19,733</u>        | <u>19,207</u>        |
| <b>Total trade and other receivables</b>  | <b><u>20,316</u></b> | <b><u>19,775</u></b> |

- (b) The transactions primarily arose from the Group's burn-in, testing and electronic manufacturing services, mainly to large corporations and multi-national companies. They are non-interest bearing, with 30 to 90 days' credit terms, and are recognised on their original invoice amounts.



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(c) The aging of the Group's trade receivables are as follows:

| <i>S\$'000</i>                | <i>31 January<br/>2022</i> | <i>31 July<br/>2021</i> |
|-------------------------------|----------------------------|-------------------------|
| Neither past due nor impaired | 17,273                     | 17,315                  |
| Past due not impaired         |                            |                         |
| - 1 to 90 days                | 1,342                      | 1,008                   |
| - 91 to 180 days              | 7                          | 13                      |
| Past due and Impaired         | 819                        | 874                     |
| Trade receivables             | <u>19,441</u>              | <u>19,210</u>           |

89% or \$17.3 million of the trade receivables are not past due as at 31 January 2022. 7% or \$1.3 million aged up to 90 days, are not impaired as they are due from customers which are still in active trade. The remaining 4% or \$0.8 million are past due and has been fully impaired.

Other receivables (current and non-current) primarily refer to sundry deposits mainly for factory/office deposits, and sundry receivables mainly for VAT receivables and accrued interest income.

- (d) The Group trades with recognised and creditworthy third parties. Credit terms are extended after credit verification. Receivables are monitored on an ongoing basis, and closely followed up with the result that the Group's exposure to bad debts is not significant.
- (e) The Board is of the view that trade and other receivables (other than those already impaired) have no significant recoverability concern.



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#### Query (ii)

The Group reported an increase in “Prepayments” from S\$851,000 as at 31 July 2021 to S\$1,703,000 as at 31 January 2022 in its 1H2022 Financial Statements.

At pg 16, it was provided that: “Prepayment increased by \$0.9 million. This reflected deposits for more procurement of machinery and test equipment, components, and system maintenance services.”

In this regard, please disclose:

- (a) When these prepayments were made, the terms of the prepayments, the product and/or service being supplied to the Group and the rationale for these prepayments;
- (b) The identity of the recipient(s) of the prepayments, and whether they are related parties of the Group; and
- (c) Whether the Group has made any impairment of these prepayments. If yes, please provide the basis for the impairment and address whether the Group is still making purchases from them.

#### Company’s Responses

- (a) These prepayments were made for the Group’s operations, primarily as downpayments and prepaid expenses. Downpayments were mainly for procurement of machinery and test equipment, as well as components to secure deliveries under the current environment of supply shortages, while prepaid expenses mainly relate to insurance and maintenance services. They were mainly made during the current financial period.
- (b) These prepayments were made to third party suppliers and service providers and in accordance with the counterparty trade terms.
- (c) No impairment had been made on these prepayments.

By Order of the Board

Adeline Lim Kim Swan  
Company Secretary  
25 March 2022