

**SUNNINGDALE TECH LTD.**  
**Company Registration No: 199508621R**  
**(Incorporated in the Republic of Singapore)**

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**RESPONSES TO QUESTIONS FROM SHAREHOLDERS FOR THE ANNUAL  
GENERAL MEETING TO BE HELD ON 26 JUNE 2020**

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The Board of Directors (“**the Board**”) of Sunningdale Tech Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) would like to state the following in response to questions raised by shareholders relating to the Company’s Annual Report for the financial year ended 31 December 2019 (“**FY2019**”).

**Question 1:**

In the past, the Chairman has stated several times that dividends will be always equal or higher than the previous year. We are grateful that the Chairman has kept his words. Will the dividend policy remain the same for this year and the future?

**Response:**

To clarify, the Group does not have a formulaic dividend policy. When considering dividend payments for each financial year, the Group takes into consideration the profitability of the Company, existing working capital needs, capital expenditure requirements and the overall outlook of the global economic environment. The Group also seeks to conserve cash for potential mergers and acquisitions which are synergistic to the Group’s operations. Upon consideration of the factors above, the Group has historically declared dividends to shareholders. The Chairman of the Board has indicated several times that the Group will strive to maintain dividends, but he has also always caveated it with the factors mentioned above.

**Question 2:**

The capital expenditure for FY2019 and FY2018 were S\$34.6 million and S\$37.0 million respectively. What is the expected capital expenditure budget for FY2020? For the FY2020 budgeted capital expenditure, how would it be allocated and for what purposes?

**Response:**

The higher levels of capital expenditure for FY2018 and FY2019 were due to the initial startup phases of the Group’s new manufacturing sites in Chuzhou, China and Penang, Malaysia

Excluding one-off capital expenditure for new plants, the Group’s historical average for capital expenditure has been approximately S\$25.0 million each year. Approximately 70% to 80% goes towards growth, replacement or upgrading of older machinery and enhancing technological capabilities. The remaining capital expenditure is typically used for the maintenance of existing machinery and plants.

For FY2020, due to the uncertainty amid the Covid-19 pandemic, the Group expects to tighten capital expenditure unless absolutely necessary while prudently assessing the return on new projects to justify spending.

**Question 3:**

May the Board share with shareholders on what are the new healthcare projects were secured by the Group and the length of the duration of each project with multinational healthcare customers?

**Response:**

The Group's healthcare business is involved in the production of component parts for medical devices and consumables which are used in healthcare systems worldwide. There are no formal signed contracts that stipulate the length or production volume for each project, but from experience these projects range from five years to ten years or even longer.

**Question 4:**

Has the Company set a revenue target to achieve for its Healthcare segment as a percentage of overall revenue?

**Response:**

While other segments reported declines in revenue for FY2019, revenue from the Healthcare segment increased to \$57.3 million and accounted for 8.5% of total revenue. The Group's Healthcare segment has been the fastest growing segment in recent years and we see this trend continuing. However, the Group does not set a target for its Healthcare segment as a percentage of overall revenue. Instead, the Group maintains its focus on growing each segment including the Automotive and Consumer/IT segments.

**Question 5:**

On 12 May 2020, it was reported that Sunningdale Tech Ltd. and Razer were working together to produce surgical masks. The link to the article from Reuters is found below.

<https://www.reuters.com/article/us-health-coronavirus-singapore-masks/gaming-firm-razer-to-roll-out-mask-vending-machines-in-singapore-idUSKBN22P0I3>

The article states that, *"The company (Razer) said it has tied up with Sunningdale Tech Ltd, a precision plastic manufacturer, to soon double its surgical mask production capacity to up to 10 million a month after setting up a manufacturing line in April in Singapore."*

May the Board kindly comment on the partnership structure with Razer as well as the current production capacity and plan?

**Response:**

Razer is a customer. As in other customer relationships, the Group's volume depends on orders from Razer. In this instance, Razer procures and consigns the materials needed for the products to be manufactured.

**Question 6:**

As mentioned in the Chairman's Message on page two of the Annual Report, "*During the year, the initial start-up phase of our new plant in Penang led to lower levels of utilization*", may I please enquire on the current overall utilization level at the Group's Penang plant? In addition, what are some of the new projects won and for which segment?

**Response:**

While the Group was impacted by lower levels of utilization at its Penang plant in 1H2019, the situation gradually improved in 2H2019 as a new Healthcare project began mass production. The Group expects overall utilization to continue to improve as new Healthcare and Consumer/IT projects begin production in 2H2020 and FY2021.

**Question 7:**

Covid-19 has highlighted the need for medical equipment and increasing manufacturing capacity for healthcare related products. Does the Group have plans to expand its Healthcare business?

**Response:**

For details on the Group's plans for its Healthcare segment, please refer to question 3 and 4 above.

**By Order of the Board**

**Khoo Boo Hor**  
**Executive Director & Chief Executive Officer**

**25 June 2020**