

SUNNINGDALE TECH LTD.

Company Registration No: 199508621R
(Incorporated in the Republic of Singapore)

Response to Quarz Capital Management's Open Letter to the Management and Board of Sunningdale Tech Limited

The Board of Directors ("**Board**") of Sunningdale Tech Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the open letter ("**Open Letter**") published and sent to the Board from Quarz Capital Ltd ("**Quarz Capital**") dated 5 March 2019.

The Board welcomes constructive feedback from its shareholders and is encouraged by active shareholders participation. The recommendations made in the Open Letter will receive the appropriate consideration by the management and the Board in our continued effort to enhance shareholders value.

The Group's latest manufacturing sites in Chuzhou and Penang are part of the Group's long-term strategy of building a sustainable and profitable business model. The Board agrees that the transition in shifting manufacturing operations from Shanghai to Chuzhou and the initial start-up phase in Penang have caused a drag on the Group's near-term financial performance. However, as disclosed in the Group's FY2018 financial results announcements, the Group expects completion of the shift in operations from Shanghai to Chuzhou to take place by 3Q2019 and for utilisation levels in Penang to improve in 2H2019.

In addition to the above two factors which impacted the Group's performance for FY2018, the Group also faced cost pressures in the form of rising labour and utility costs, price pressure from customers and negative sentiment surrounding the US/China trade war. The Group was further impacted by a slowing automotive market as global automotive sales declined in key markets such as the US, China and Europe towards the end of 2018.

To mitigate the impact from these challenges, the Group's focus in FY2019 is on tightening cost controls, boosting productivity and enhancing operational efficiency. Moreover, the Group continues to monitor the automotive market closely and is aggressively pursuing business development initiatives to secure new projects.

The Board remains confident in the Group's long-term sustainability and profitability and has increased total dividends paid each year since FY2012. While the Group does not have a formal dividend policy, paying dividends to shareholders is a key factor the Board considers in addition to capital expenditure requirements, working capital requirements, market conditions and opportunities for growth through inorganic growth initiatives.

The Board will continue to explore all options that may unlock value for shareholders as the Group executes various growth strategies aimed at enhancing long-term shareholder value. Whilst the Board does not ignore the share price movement, we believe that our unwavering focus on the fundamentals of our businesses will bring more enduring long-term value accretion to our shareholders.

Any material developments on future corporate actions and growth initiatives will be announced to shareholders accordingly via SGXNet.

By Order of the Board

Khoo Boo Hor
Executive Director & Chief Executive Officer

6 March 2019