
UPDATE FOLLOWING NOTIFICATION OF DELISTING

The Board of Directors (the "**Board**") of Sunray Holdings Limited (the "**Company**") refers to the announcements made by the Company on 5 June 2012, 21 June 2012, 28 June 2012, 5 July 2012, 13 August 2012 and 12 November 2012 in relation to the delisting notification received from the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The Board wishes to give the shareholders of the Company (the "**Shareholders**") an update following the announcement made by the Company on 12 November 2012.

Background

As stated in the Company's announcement of 5 July 2012, the Board had previously approached the 5 biggest Shareholders of the Company on more than one occasion, being Lionway Assets Limited, Mr. Hong Yuexiong, Mr. Lu Yaosheng, Mr. Wang Huijin and Mr. Yang Zheng (collectively the "**Major Shareholders**") about the possibility of their making an exit offer to the minority Shareholders of the Company. However, the Board was not able to secure such an offer from the Major Shareholders on the understanding from the Major Shareholders that they have insufficient financial resources to make such an offer.

The Board continued to consider other possible exit offers for the benefit of the Shareholders including among others:

- (i) the possibility of a voluntary liquidation of the Company and distribution of cash back to the Shareholders which was rejected by the Board (with the independent directors voting in favour of the voluntary liquidation) after taking into consideration the following factors:
 - (a) the executive directors of the Company believe that the business of the Company can turn around in the foreseeable future;
 - (b) the estimated cash that can be realised from the voluntary liquidation of the Company is below 5% of the Company's net tangible assets; and
 - (c) the Group has subsisting contracts and staff in the People's Republic of China and will face claims from its suppliers, staff and customers in relation to after-sale service if the Company is liquidated; and
- (ii) obtaining a bank loan of a sum of approximately RMB 4.3 million (the "**Bank Loan**") by mortgaging its office in Guangzhou to raise funds and return/distribute cash back to the Shareholders (including but not limited to by way of a special dividend payment, a selective share buy-back exercise or a capital reduction exercise). For further details of the efforts of the management of the Company with regard to securing the Bank Loan, please refer to the announcements made by the Company on 5 July 2012 and 13 August 2012.

Special General Meeting

Further to the feedback received from the SGX-ST, the Board has re-considered the various delisting proposals and has decided to convene a Special General Meeting ("**SGM**") to provide Shareholders with an opportunity to decide on the following:

- (i) a proposed members' voluntary liquidation of the Company (the "**Proposed Voluntary Liquidation**"); and
- (ii) in the event Shareholders' approval for the Proposed Voluntary Liquidation is not obtained at the SGM, a proposed distribution of a special interim dividend by the Company to all the Shareholders (the "**Proposed Distribution**"). The Proposed Distribution will be funded from the total proceeds of the Bank Loan.

The Board is of the view that the SGM will provide the Shareholders with the opportunity to discuss the proposals and meet the Board to address any concerns of the Shareholders.

Effects of the Proposed Voluntary Liquidation

Shareholders should note that under the Companies Act 1981 (as amended) of Bermuda, the members' voluntary winding up of the Company will be deemed to commence at the time of the passing of the resolution on the Proposed Voluntary Liquidation. The Company in general meeting will appoint the liquidator(s) for the purpose of winding up the affairs and distributing the assets of the Company. The Company shall, from the commencement of the winding up, cease to carry on its business, except so far as may be required for the beneficial winding up thereof. After the settlement of the Company's debts, the liquidator(s) will return the capital and surplus assets, if any, to the members of the Company. Any transfer of shares in the Company (not being a transfer made to or with the sanction of the liquidator(s)) and any alteration in the status of the members of the Company, which are made after the commencement of the voluntary winding up of the Company, shall be void.

Despatch of Circular

The Company will despatch the circular on the Proposed Voluntary Liquidation and the Proposed Distribution (the "**Circular**") to the Shareholders in due course. Further information on the Proposed Voluntary Liquidation and the Proposed Distribution, including the effect of a members' voluntary liquidation of the Company, will be provided in the Circular.

By Order of the Board

Hong Yuexiong
Executive Chairman
20 December 2012