



SUNRISE SHARES HOLDINGS LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No. 198201457Z)

DISCLAIMER OF OPINION BY THE INDEPENDENT AUDITORS ON THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Pursuant to Rule 704(4) of the Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), the Board of Directors (the "**Board**") of Sunrise Shares Holdings Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company's Independent Auditors, Baker Tilly TFW LLP, have included a disclaimer of opinion (the "**Disclaimer of Opinion**") in their Independent Auditors' Report dated 20 May 2022 (the "**Independent Auditors' Report**") in relation to the audited consolidated financial statements of the Group and the Company for the financial year ended 31 December 2021 ("**FY2021**") (the "**Financial Statements**").

The following bases for the Disclaimer of Opinion are contained in the Independent Auditors' Report, a copy of which together with the relevant extract of Note 12 to the Financial Statements are attached to this announcement for information.

- a. Consultancy management services to New Zealand Nan Fang Investment Limited
- b. Sales brokerage commission
- c. Property consultancy and management fee
- d. Loan to a corporation
- e. Loan to Nan Fang (Singapore) Investment Fund Management Pte Ltd

The Independent Auditors' Report and a complete set of the Financial Statements will also be contained in the Company's Annual Report for FY2021 ("**FY2021 Annual Report**"), which will be released on SGXNet on or before 27 May 2022. Shareholders of the Company are advised to read this announcement in conjunction with the FY2021 Annual Report.

BASIS OF THE DIRECTORS' OPINION

The Board wishes to respond to the key bases for the Disclaimer of Opinion and the efforts being taken to resolve each outstanding audit issue, as the case may be:

- a. **Consultancy management services to New Zealand Nan Fang Investment Limited**
- b. **Sales brokerage commission**
- c. **Property consultancy and management fee**
- d. **Loan to a corporation**
- e. **Loan to Nan Fang (Singapore) Investment Fund Management Pte Ltd**

Board's response on the above mentioned audit issue

As for the audit issues mentioned above, the Board is not agreeable to the auditors' disclaimer of opinion. The transactions mentioned by the Auditor are not related or interested persons transaction, and the transactions were entered into and recorded under normal commercial terms and not prejudicial to the interest of the Company and its minority shareholders. The basis is that the Company have explained them in time and provided relevant information to support the explanation and justification. There are no related party transactions except those already announced as related party transactions. The

business between the Company and Mr. Li Panfeng is mutually beneficial and legal, and all the cooperation has achieved the company's goals and profits. Mr. Li Panfeng and his company have never requested from the Company with any breach of contract or loss or constituted a breach of contract. The frequent change of shareholding were the actual controller, Mr Li Panfeng's personal actions and his normal business operations, especially during the special COVID-19 period. Mr Li has also declared that the business entered with the Company or its subsidiaries are neither related nor interested party transactions.

Systems for information, controls and finance (including inter alia procedures and policies for Related or Interested Person Transactions) etc.

The Audit Committee and the Board confirms that the Group's existing systems for information, controls and finance (including inter alia procedures and policies for Related or Interested Person Transactions) etc. are adequate and sufficient to ensure compliance with Rules, regulations and laws. The Company's internal control procedures are well established which contain, inter alia, policies and instructions, risk identification and related process control to mitigate risk, segregation of duties including authorization management, day-to-day supervisory controls and monitoring to ascertain these procedures are present and functioning. The Company also engage with Internal Auditor to review the procedures.

Report on Other Legal and Regulatory Requirements

The following section has been extracted from the Independent Auditor's Report and set out in italics below:

"In our opinion, in view of the significance of the matters referred to in the Basis for Disclaimer of Opinion section of our report, we do not express an opinion on whether the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act."

The Audit Committee and the Board disagree on the above mentioned opinion. The accounting and other records have been properly kept. The Audit Committee and the Board will conduct regular integration on the keeping of accounting and other records, and review the system regularly.

The Board reasonably believes that the Company's shares can continue to be traded. The Board of Directors confirms, to its best knowledge and belief, that sufficient information has been disclosed to enable trading of the Company's shares to continue in an orderly manner, on the bases of the explanations set out above. In addition, management will be undertaking a review of the circumstances that led to the Disclaimer of Opinion in the Independent Auditor's Report for FY2021.

The Independent Auditor have no comments on the references of their name as Auditor of the Company and basis for the Disclaimer of Opinion in the Independent Auditor's Report. However, the Independent Auditor are unable to express any comment on the accuracy of the Company's and the Directors' bases or statements or views with respect to the Disclaimer of Opinion in the Independent Auditor's Report.

DIRECTORS' CONFIRMATION

To the best of their knowledge, the Directors confirm that all material information, disclosures, facts and information (including but not limited to disclosures pertaining to material operations and business of the Group, the going-concern assumption) have been disclosed and announced for trading of the Company's shares to continue and are not aware of any facts or information the omission of which would make any statement misleading. The Board of Directors confirms, to its best knowledge and belief, that sufficient information has been disclosed and that there is clarify on the state of affairs to enable trading of the Company's shares to continue in an orderly manner, on the bases of the explanations set out above.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Disclaimer of Opinion, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement 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 announcement in its proper form and context.

By Order of the Board

Shirley Tan
Company Secretary
21 May 2022

*This announcement has been reviewed by the Company's Sponsor, Asian Corporate Advisors Pte. Ltd. (the "**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**Exchange**") and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

The contact person for the Sponsor is Ms. Foo Quee Yin, at 160 Robinson Road, #21-05 SBF Center, Singapore 068914, Telephone number: 6221 0271

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SUNRISE SHARES HOLDINGS LTD.

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the accompanying financial statements of Sunrise Shares Holdings Ltd. (the "Company") and its subsidiaries (the "Group") as set out on pages 46 to 77, which comprise the statements of financial position of the Group and of the Company as at 31 December 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

(1) Consultancy management services to New Zealand Nan Fang Investment Limited

On 28 October 2021, the Group entered into an agreement with New Zealand Nan Fang Investment Limited ("NZ Nan Fang") to provide consultancy management services ("Consultancy Services") to NZ Nan Fang and its associate companies. The fees charged amounted to \$120,000 per quarter, starting from 1 November 2021. The Group recognised consultancy management service revenue of \$80,000 for the financial year ended 31 December 2021 and a contract liability of \$40,000 as at 31 December 2021. On 9 November 2021, the Group received an amount of \$120,000 from New Zealand Luck Star Investment Limited ("NZ Luck Star"). Management represented that this represents payment made on behalf of NZ Nan Fang by NZ Luck Star to the Group for the consultancy management services.

Management of the Group represented that the provision of Consultancy Services to NZ Nan Fang and the receipt from NZ Luck Star are not related party transactions for the Group.

Based on the background search performed on NZ Nan Fang, NZ Luck Star, and a corporation ("Connected Corporation"), it came to our attention that:

- (a) the shares of NZ Nan Fang have been transferred numerous times among certain individuals ("Connected Parties") and the Connected Corporation during the financial year. The Connected Parties were at various periods appointed as director or key management personnel of the Company and/or companies linked to the Company's controlling shareholder ("Controlling Shareholder").
- (b) the shares of the Connected Corporation were held by the Controlling Shareholder and his family members, and were transferred numerous times among the Controlling Shareholder, NZ Nan Fang and the Connected Parties during the financial year.
- (c) the shares of NZ Luck Star are held by a company ("NZ Sunrise Development") except for the period from 3 October 2021 to 7 December 2021 when its shares were held by a substantial shareholder ("Substantial Shareholder") of the Company. On 8 December 2021, the shares of NZ Luck Star were transferred back to NZ Sunrise Development, a company controlled by the Controlling Shareholder.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
SUNRISE SHARES HOLDINGS LTD. (cont'd)**

Report on the Audit of the Financial Statements (cont'd)

Basis for Disclaimer of Opinion (cont'd)

(1) Consultancy management services to New Zealand Nan Fang Investment Limited (cont'd)

In the course of our discussion with the Connected Parties, we received representations of circumstances where individuals whose names are recorded in the registers of shareholdings of NZ Nan Fang and the Connected Corporation were purportedly holding these shares on behalf of other individuals.

We are not able to satisfy ourselves with respect to the commercial rationale and substance of these numerous changes in the shareholdings of NZ Nan Fang and the Connected Corporation prior to the Group entering into the Consultancy Services agreement with NZ Nan Fang, and the commercial rationale for the Substantial Shareholder's temporary holding of NZ Luck Star's shares at the time of payment for the Consultancy Services by NZ Luck Star. In addition, we received inconsistent representations from the Connected Parties in the course of our audit, and as such, we are unable to satisfactorily assess and conclude whether the provision of Consultancy Services to NZ Nan Fang and receipt of consultancy services fee of \$120,000 from NZ Luck Star are related party transactions and whether the Consultancy Services agreement is entered into on normal commercial terms.

Consequently, we are unable to conclude if any adjustments and further disclosures are required on the consolidated financial statements with respect to the provision of Consultancy Services and the payment received.

(2) Sales brokerage commission

On 17 August 2020, the Group entered into a sale brokerage contract with a customer ("Customer ZJ"). The contract was subsequently terminated on 2 February 2021. The Group has recognised sales brokerage commission from Customer ZJ amounting to \$79,534 and \$872,771 for the financial year 31 December 2021 and 31 December 2020 respectively.

Management represented that the provision of sale brokerage services ("Sale brokerage") to Customer ZJ is not a related party transaction for the Group.

On 6 November 2020, an intermediate holding corporation of Customer ZJ ("GS 88"), was acquired by a company ("PSuccess") which is owned by NZ Nan Fang.

Based on the background search performed on PSuccess, it came to our attention that the shares of PSuccess have been transferred numerous times among the Connected Parties and NZ Nan Fang in the previous financial year before its acquisition of GS 88 and Customer ZJ. In the course of our discussion with the Connected Parties, we also received representations of circumstances where individuals whose names are recorded in the register of shareholdings of PSuccess were purportedly holding these shares on behalf of other individuals.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
SUNRISE SHARES HOLDINGS LTD. (cont'd)**

Report on the Audit of the Financial Statements (cont'd)

Basis for Disclaimer of Opinion (cont'd)

(2) Sales brokerage commission (cont'd)

We are not able to satisfy ourselves with respect to the commercial rationale and substance of these numerous changes in the shareholdings of PSuccess, prior to its acquisition of GS 88 and Customer ZJ. In addition, we received inconsistent representations from the Connected Parties in the course of our audit, and as such, we are unable to satisfactorily assess and conclude whether the provision of Sale brokerage services is a related party transaction and whether the sale brokerage contract is entered into on normal commercial terms.

Consequently, we are unable to conclude if further disclosures are required on the prior year's and current year's consolidated financial statements with respect to provision of Sale brokerage services to customer ZJ.

(3) Property consultancy and management fee

On 28 May 2020, the Group entered into a property consultancy and management service contract with a customer ("Customer HN"). The contract was subsequently terminated on 31 December 2021. The Group has recognised property consultancy and management service fee from Customer HN amounting to \$281,378 for the financial year ended 31 December 2021.

Management represented that the provision of property consultancy and management services ("Property Consultancy") to Customer HN is not a related party transaction to the Group.

On 12 July 2021, the shares in the intermediate holding corporation of Customer HN were transferred to GS 88 which is owned by PSuccess and ultimately owned by NZ Nan Fang.

Based on the findings and explanations of the basis mentioned in sections (1) and (2) of the *Basis for Disclaimer of Opinion*, we are not able to satisfy ourselves with respect to the commercial rationale and substance of these numerous changes in the shareholdings of NZ Nan Fang and PSuccess, prior to their acquisition of Customer HN. In addition, we received inconsistent representations from the Connected Parties in the course of our audit, and as such, we are unable to satisfactorily assess and conclude whether the provision of Property Consultancy services to Customer HN is a related party transaction.

Consequently, we are unable to conclude if any adjustments and further disclosures are required on the current year's consolidated financial statements with respect to the provision of Property Consultancy to Customer HN.

(4) Loan to a corporation

On 27 December 2021, the Group entered into a loan agreement to provide a loan of RMB13,000,000 to a corporation ("SZXD"), as disclosed in note 12 to the financial statements.

The ultimate holding corporation of SZXD was the Connected Corporation.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
SUNRISE SHARES HOLDINGS LTD. (cont'd)**

Report on the Audit of the Financial Statements (cont'd)

Basis for Disclaimer of Opinion (cont'd)

(4) Loan to a corporation (cont'd)

Based on the findings and explanations of the basis mentioned in section (1) of the *Basis for Disclaimer of Opinion*, we are not able to satisfy ourselves with respect to the commercial rationale and substance of these numerous changes in the shareholdings of the Connected Corporation, prior to the Group extending the loan to SZXD. In addition, we received inconsistent representations from the Connected Parties in the course of our audit, and as such, we are unable to satisfactorily assess and conclude whether the loan to SZXD is a related party transaction and whether the loan agreement is entered into on normal commercial terms.

Consequently, we are unable to conclude if any adjustments and further disclosures are required on the current year's consolidated financial statements with respect to the loan to SZXD.

(5) Loan to Nan Fang (Singapore) Investment Fund Management Pte Ltd

On 8 December 2021, the Group entered into a loan agreement to provide a loan of \$1,300,000 to Nan Fang (Singapore) Investment Fund Management Pte Ltd ("Nan Fang Singapore"), as disclosed in note 12 to the financial statements.

Based on the background search on Nan Fang Singapore, it came to our attention that the shares of Nan Fang Singapore have been transferred numerous times among the Connected Parties, PSuccess and a company linked to the Controlling Shareholder, in the previous and current financial years. In the course of our discussion with the Connected Parties, we also received representations of circumstances where individuals whose names are recorded in the register of shareholdings of Nan Fang Singapore were purportedly holding these shares on behalf of other individuals.

We are not able to satisfy ourselves with respect to the commercial rationale and substance of these numerous changes in shareholdings of Nan Fang Singapore, before the loan of \$1,300,000 was provided by the Group. In addition, we received inconsistent representations from the Connected Parties in the course of our audit, and as such, we are unable to satisfactorily assess and conclude whether the loan to Nan Fang Singapore is a related party transaction and whether the loan agreement is entered into on normal commercial terms.

Consequently, we are unable to conclude if any adjustments and further disclosures are required on the current year's financial statements with respect to the loan to Nan Fang Singapore.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
SUNRISE SHARES HOLDINGS LTD. (cont'd)**

Report on the Audit of the Financial Statements (cont'd)

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the financial statements in accordance with Singapore Standards on Auditing and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Report on Other Legal and Regulatory Requirements

In our opinion, in view of the significance of the matters referred to in the Basis for Disclaimer of Opinion section of our report, we do not express an opinion on whether the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Ong Kian Guan.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

20 May 2022

12 Trade and other receivables (cont'd)

Amount due from subsidiaries is non-trade in nature, unsecured, interest free and repayable on demand.

As at 31 December 2021, included in other receivables are loans to third parties of \$4,189,395. These loans were repaid in January 2022. The terms of these loans are as follows:

<u>Loan</u>	<u>Security</u>	<u>Pledge</u>	<u>Interest</u>	<u>Principal amount</u>	<u>Balance at 31.12.2021</u>
A	Secured	Property	2% per month	RMB 13,000,000	\$ 2,815,395
B	Unsecured	Nil	3% per month	\$ 1,300,000	\$ 1,324,000

As at 31 December 2020, included in other receivables is loan to a third party of \$3,637,980. This loan is secured by the third party's properties revenue, bears interest of 13.8% per annum and repayable within one year.

13 Share capital

	2021		2020	
	Number of issued shares	Issued share capital \$	Number of issued shares	Issued share capital \$
Balance at beginning of financial year	209,337,290	25,668,295	178,337,290	24,936,695
Share issue	—	—	31,000,000	731,600
Balance at end of financial year	209,337,290	25,668,295	209,337,290	25,668,295

The Company issued 31,000,000 ordinary shares of \$0.0236 per share on 2 January 2020, to provide funds for the Group's general working capital purposes.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

14 Foreign currency translation reserve

The foreign currency translation reserve comprises foreign currency differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company.

15 Statutory reserve

In accordance with the Foreign Enterprise Law applicable to entities in the PRC, the Group's PRC subsidiaries are required to make appropriation to a Statutory Reserve Fund (SRF). At least 10% of the profit after tax as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the SRF until the cumulative total of the SRF reaches 50% of the PRC entity's registered capital. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the PRC entity. The SRF is not available for dividend distribution to shareholders.