SUNRISE SHARES HOLDINGS LTD.

(Company Registration No. 198201457Z)

(Incorporated in the Republic of Singapore)

PROPOSED DISPOSAL OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF THE SALE SUBSIDIARIES (AS DEFINED BELOW) THAT ARE ENGAGED IN THE ELECTRICAL TRADING AND ELECTRICAL MANUFACTURING BUSINESS

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1. INTRODUCTION

1.1. The board of directors ("**Board**" or the "**Directors**") of Sunrise Shares Holdings Ltd. (the "**Company**", together with its subsidiaries, the "**Group**") wishes to announce that the Company had, on 10 May 2019, entered into a conditional sale and purchase agreement ("**SPA**") with Mr Soh Sheng Pyng (the "**Purchaser**") pursuant to which the Company agreed to sell to the Purchaser, and the Purchaser agreed to acquire from the Company, the entire issued and paid-up share capital (the "**Sale Shares**") of (i) ITE Electric Systems Co Pte. Ltd.; (ii) Electech Distribution Systems Sdn. Bhd.; (iii) Electech Manufacturing Sdn. Bhd., and (iv) ITE Lumens Pte. Ltd. (each a "**Sale Subsidiary**", and collectively the "**Sale Subsidiaries**"), on the terms and subject to the conditions of the SPA ("**Proposed Disposal**").

1.2. As at the date of the SPA, the Sale Subsidiaries are wholly-owned subsidiaries of the Company. Upon completion of the Proposed Disposal, the Company will cease to have any interest in the Sale Subsidiaries.

2. PROPOSED DISPOSAL

2.1. Information on the Sale Subsidiaries

Details of each of the Sale Subsidiaries as at the date of the SPA are as follows:

Name of Sale Subsidiary	Principal activity	Principal place of business/Country of incorporation	Issued and paid-up share capital	Group's effective equity interest
ITE Electric Systems Co Pte. Ltd.	Trading and distribution of electrical products	Singapore	S$4,629,879 consisting of 4,629,879 ordinary shares	100%
ITE Lumens Pte. Ltd.(1)	Trading of lighting products, fixtures and accessories	Singapore	S$500,000 consisting of 500,000 ordinary shares	100%
Electech Distribution Systems Sdn. Bhd.	Electrical distribution and control equipment	Malaysia	RM4,000,000 consisting of 4,000,000 ordinary shares	100%
Electech Manufacturing Sdn. Bhd. (2)	Manufacturing and assembly of electrical distribution and control equipment	Malaysia	RM4,000,000 consisting of 4,000,000 ordinary shares	100%

Notes:

(1) ITE Lumens Pte. Ltd. has been inactive since 31 December 2017.

(2) Electech Manufacturing Sdn. Bhd is a wholly-owned subsidiary of Electech Distribution Systems Sdn. Bhd.

2.2. Financial information relating to the Sale Subsidiaries

In the audited consolidated financial statements of the Group for the financial year ended 31 December 2018 ("**FY2018**"), the Group had classified the Sale Subsidiaries as disposal group held for sale, and recognised an impairment loss on disposal of the Sale Subsidiaries of approximately S$4.6 million ("**Impairment**"), which was based on the indicative offer from the Purchaser of S$1.8

million (which is the same amount as the Consideration (defined herein)). Please refer to the Company's Annual Report 2018, pages 92 and 93, Note 10 to the Financial Statements of the Company for FY2018, for further details on the Group's accounting treatment of the Sale Subsidiaries in FY2018.

Based on the audited consolidated financial statements of the Group for FY2018, before taking into account the Impairment, (i) each of the book value and the net tangible assets ("**NTA**") of the Sale Subsidiaries amounted to approximately S$6.4 million; and (ii) the net loss attributable to the Sale Subsidiaries amounted to approximately S$0.4 million. The open market value of the Sale Shares is not available as the Sale Shares are not publicly traded. No valuation of the Sale Subsidiaries was commissioned.

The estimated net proceeds from the Proposed Disposal (after deducting estimated expenses to be incurred in connection therewith of approximately S$0.2 million) is approximately S$1.6 million ("**Net Proceeds**"). The Net Proceeds represent a deficit of S$5.0 million over the net book value of the Sale Subsidiaries. Accordingly, the Proposed Disposal will result in a loss on disposal of approximately S$5.0 million.

As the Impairment had been provided for in FY2018, the Company does not expect to report any material gain or loss on the Proposed Disposal and deficit or excess over book value of the Sale Shares, in the financial year ending 31 December 2019, except for the estimated expenses of approximately S$0.2 million to be incurred in relation to the Proposed Disposal.

2.3. **Information on the Purchaser**

The Purchaser, a Singaporean citizen, is currently a director of ITE Electric Systems Co Pte. Ltd. and ITE Lumens Pte. Ltd. ("**SG Sale Subsidiaries**"). The Purchaser joined the SG Sale Subsidiaries in 1996 and was appointed as a director of the SG Sale Subsidiaries in December 2016 and has since been involved in the management of the SG Sale Subsidiaries, including overseeing sales, marketing and formulation and implementation of the business strategies of the Group's electrical trading business in Singapore.

The Purchaser is not related to any of the Directors and the controlling shareholders of the Company or any of their respective associates. As at the date of this announcement, the Purchaser does not own any shares in the Company.

2.4. **Rationale for the Proposed Disposal**

The Board refers to the offer document despatched to the shareholders of the Company ("**Shareholders**") dated 26 December 2018 ("**Offer Document**"), issued by Hong Leong Finance Limited for and on behalf of Mr Wong Siu Fai (the "**Offeror**"), in connection with the Offeror's mandatory conditional cash offer for all the issued and paid-up ordinary shares in the capital of the Company ("**MGO**"). It was provided in the Offer Document that the Offeror's intention for the Group was to undertake a review of the Group's businesses with a view to identifying areas in which the strategic direction and operations of the Group can be enhanced. The MGO was subsequently completed on 7 Feb 2019, and the Offeror has a total interest of approximately 59.6% in the shares of the Company as at the date of this announcement.

In line with the above, the Board considers that the Proposed Disposal is in the best interest of the Company and its Shareholders, taking into consideration, among others, the challenging operating environment in the electrical trading and electrical manufacturing industry faced by the Group in recent years and that the Sale Subsidiaries had been loss-making for the past three (3) financial years ended 31 December 2018. In March 2019, the Company appointed an independent consultant to review and solicit interest to purchase the Sale Subsidiaries. While there had been parties who expressed interest, the Company did not receive any offers, save for an offer from the Purchaser which, in the opinion of the Board, will offer the Company an efficient exit strategy in terms of time and cost. The Proposed Disposal will allow the Company to unlock the value of the assets in the Sale Subsidiaries and re-strategise its financial and capital resources. With the Net Proceeds, the Group will have more working capital to fund its other operations, expand into other businesses and undertake new investment opportunities that may arise in the future, which may result in higher value to the Shareholders.

2.5. **Principal terms of the Proposed Disposal**

2.5.1. Sale Shares

Subject to the terms and conditions of the SPA, the Sale Shares shall, at Completion (as defined below) be free from all encumbrances and together with all rights, entitlements and benefits now and hereafter attaching thereto as of and including the date of Completion (including the right to receive all dividends or distributions declared, made or paid on or after Completion).

2.5.2. Consideration

Pursuant to the SPA, the aggregate consideration for the Sale Shares is S$1,800,000 ("**Consideration**"), to be satisfied fully in cash. The Consideration was arrived at on a willing buyer and willing seller basis, after taking into account the Company's limited success in disposing of the Sale Subsidiaries (as discussed in paragraph 2.3 of this announcement) and that the Consideration was higher than the estimated returns available to the Company in the event of a liquidation scenario.

The Consideration shall be payable by the Purchaser to the Vendor in the following manner:

(a) S$300,000 to be payable upon signing of the SPA;

(b) S$500,000 to be payable upon approval of the Proposed Disposal by the Shareholders at a general meeting to be convened ("**Approval Date**");

((a) and (b) to be collectively referred to as the "**Pre-Completion Payments**")

(c) subject to Completion (as defined below) taking place:

(i) S$500,000 to be payable no later than two (2) weeks of the Approval Date; and

(ii) S$500,000 to be payable no later than four (4) weeks of the Approval Date.

((c)(i) and (c)(ii) to be collectively referred to as the "**Post-Completion Payments**")

PROVIDED THAT in the event Completion (as defined below) does not take place by the Long Stop Date (as defined below) for any reason whatsoever, the Vendor shall undertake to refund the Pre-Completion Payments to the Purchaser within three (3) Business Days from the Long Stop Date. In the event the Post-Completion Payments (in part or in full) are not paid to the Vendor, the Vendor shall be entitled to impose a default interest of 5% per annum compounded monthly from the date of default until such overdue sums due and payable by the Purchaser to the Vendor is fully settled.

2.5.3. Conditions Precedent

Completion of the Proposed Disposal ("**Completion**") is subject to and conditional upon, *inter alia*, the fulfilment on or prior to the date of Completion of the following conditions ("**Conditions Precedent**"):

(a) the warranties provided by the Purchaser and the Company (as the case may be) under the SPA being true in all material respects on and as of date of Completion with the same force and effect as though made on and as of the date of Completion;

(b) the approval of the Proposed Disposal by the Shareholders at a general meeting of the Company to be convened; and

(c) all necessary approvals, consents and waivers from third parties, governmental or regulatory body or relevant competent authority, including but not limited to the Company's sponsor ("**Sponsor**") and/or the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for the Proposed Disposal being granted or obtained, being in full force and effect and not having been withdrawn, suspended, amended or revoked, and if such approvals, consents and/or waivers are granted or obtained subject to any conditions, and if such conditions affect any of the parties, such conditions being acceptable to the Company and the Purchaser, and if such conditions are to be fulfilled before Completion, such conditions being fulfilled before Completion.

2.5.4. Completion

Subject to the terms and conditions of the SPA, Completion shall take place within five (5) business days from fulfilment and/or written waiver (such written waiver in respect of the Conditions Precedent to be fulfilled by the Purchaser, if any, only to be provided after consultation with the Sponsor) of all the Conditions Precedent or such other date as the Company and the Purchaser may mutually agree in writing, which in any event shall be no later than the long-stop date of 19 June 2019 ("**Long Stop Date**"), or such other date the Company and the Purchaser may mutually agree in writing.

2.6. **Service Agreements**

No person is proposed to be appointed as a director of the Company in connection with the Proposed Disposal.

2.7. **Use of proceeds**

The Company intends to utilise the Net Proceeds in the following manner:

	Use of Net Proceeds	**Allocated sum**	**As a percentage of Net Proceeds**
(a)	Exploring overseas property management and consultancy, hospitality management opportunities	S$0.56 million	35%
(b)	General working capital requirements	S$0.8 million	50%
(c)	Payment of professional fees (including but not limited to the auditors, legal advisers, continuing sponsor, company secretary, printers and financial advisers engaged by the Company)	S$0.24 million	15%
	Total	**S$1.6 million**	**100%**

Pending deployment of the Net Proceeds, such proceeds may be placed as deposits with banks and/or financial institutions, invested in short-term money markets or debt instruments or for any other purpose on a short term basis as the Directors may, in their absolute discretion, deem fit from time to time.

2.8. **Relative figures for the Proposed Disposal under Rule 1006 of the Catalist Rules**

The relative figures for the Proposed Disposal as computed on the bases set out in Rule 1006 of the SGX-ST Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") and the latest audited consolidated financial statements of the Group for FY2018 are as follows:

Rule 1006	Bases	Relative figures
(a)	The net asset value of the assets to be disposed of, compared with the Company's net asset value	69.6%(1)
(b)	The net profits attributable to the assets acquired or disposed of, compared with the Company's net profits(2)	Not meaningful(3)
(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation	27.3%(4)
(d)	The number of equity securities issued by the Company as consideration for the proposed acquisition, as compared with the number of equity securities previously in issue	Not applicable
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the Company's proved and probable reserves	Not applicable

Notes:

(1) Computed based on (i) the net asset value of the assets to be disposed of, that is, of the Sale Subsidiaries which amounted to approximately S$6.4 million (prior to the Impairment); and (ii) the net asset value of the Group (prior to the Impairment) which amounted to approximately S$9.2 million, as at 31 December 2018.

(2) Net profits is defined to be profit or loss before income tax, non-controlling interests and extraordinary items.

(3) The Sale Subsidiaries recorded net loss of approximately S$0.4 million for FY2018, whereas the Group recorded net loss of approximately S$3.8 million for FY2018. As such, the relative figure computed under Rule 1006(b) of the Catalist Rules would be negative, and hence is not meaningful. Net loss of the Group of approximately S$3.8 million for FY2018 includes loss on disposal of the Sale Subsidiaries of approximately S$4.6 million.

(4) Computed based on (i) the Consideration of S$1.8 million; and (ii) the Company's market capitalisation of approximately S$6.6 million. Under Rule 1002(5) of the Catalist Rules, the market capitalisation of the Company is determined by multiplying the number of shares in issue (being 178,337,290 shares) by the weighted average price of S$0.037 on 2 May 2019 (being the last market day on which the shares of the Company ("**Shares**") were traded prior to the date of signing of the SPA).

As the relative figure computed on the basis set out in Rule 1006(a) exceeds 50%, the Proposed Disposal constitutes a "Major Transaction" as defined under Chapter 10 of the Catalist Rules. Accordingly, the Proposed Disposal is subject to the approval of Shareholders at a general meeting to be convened.

2.9. **Financial effects of the Proposed Disposal**

2.9.1. Bases and assumptions

As set out in section 2.2 of this announcement, the Group had classified the Sale Subsidiaries as disposal group held for sale, and recognised the Impairment of approximately S$4.6 million in the audited consolidated financial statements of the Group for FY2018.

The pro forma financial effects of the Proposed Disposal on the Group set out below are purely for illustrative purposes only and are therefore not indicative of the actual future financial position of the Company or the Group after the Completion.

The pro forma financial effects of the Proposed Disposal have been prepared based on the audited consolidated financial statements of the Group for FY2018, and on the following bases and assumptions:

(a) the financial effect on the consolidated NTA per Share is computed based on the assumption that the Proposed Disposal was completed on 31 December 2018;

(b) the financial effect on the consolidated loss per share ("**LPS**") is computed based on the assumption that the Proposed Disposal was completed on 1 January 2018; and

(c) the expenses to be incurred in connection with the Proposed Disposal are estimated to be approximately S$0.2 million.

2.9.2. NTA per Share

	Before the Proposed Disposal	**After the Proposed Disposal**
NTA (S$'000)	4,613	4,413
Number of Shares	178,337,290	178,337,290
NTA per Share (Singapore cents)	2.59	2.47

2.9.3. LPS

	Before the Proposed Disposal	**After the Proposed Disposal**
Net loss attributable to Shareholders (S$'000)	3,783[(1)]	3,543
Weighted average number of issued shares	178,337,290	178,337,290
LPS (Singapore cents)	2.12	1.99

Note:

(1) Included loss from discontinuing operations (net of tax) of approximately S$5,033,000, comprising net loss incurred by the Sale Subsidiaries of approximately S$440,000 and loss on disposal of the Sale Subsidiaries of approximately S$4,593,000.

2.10. **Interests of the Directors and Controlling Shareholder in the Proposed Disposal**

None of the Directors or controlling shareholder of the Company or their respective associates has any interest, direct or indirect, in the Proposed Disposal (other than in their capacity as Directors or Shareholders, where applicable).

3. CIRCULAR TO SHAREHOLDERS

A circular containing further details on, amongst others, the Proposed Disposal, and enclosing a notice of extraordinary general meeting ("**EGM**") in connection therewith and will be despatched to the Shareholders in due course. The Company will make further announcements relating to the Proposed Disposal as and when necessary.

4. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually 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 Proposed Disposal and the Group, 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.

5. CAUTION IN TRADING

Shareholders and potential investors should note that the Proposed Disposal is subject to the fulfilment of the conditions precedent set out above, and there is no certainty or assurance as at the date of this announcement that the Proposed Disposal will be completed. The Company will make the necessary announcements, in compliance with the requirements of the Catalist Rules, as and when there are material developments in respect of the Proposed Disposal. Shareholders are advised to read this announcement and any further announcements by the Company carefully and should exercise caution when trading in the shares of the Company. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers.

6. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the SPA will be made available for inspection during normal business hours at the registered office of the Company at Six Battery Road #10-01, Singapore 049909 for three (3) months from the date of this announcement.

BY ORDER OF THE BOARD

ZHANG ZHI LIANG
Executive Director and Chief Executive Officer
10 May 2019

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, ZICO Capital Pte. Ltd. (the "**Sponsor**"), for compliance with the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this announcement.*

This announcement has not been examined or approved by the SGX-ST and the SGX-ST 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. Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd. at 8 Robinson Road #09-00 ASO Building, Singapore 048544, telephone (65) 6636 4201.