



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

MATERIAL VARIANCES BETWEEN UNAUDITED AND AUDITED FULL YEAR FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

The board of directors (the “**Board**”) of Sunrise Shares Holdings Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the unaudited financial results announcement of the Group for the financial year ended 31 December 2018 (“**FY2018**”) released via the SGXNet on 1 March 2019 (the “**Unaudited Financial Statements**”). Further reference is made to the audited financial statements of the Group for FY2018 (the “**Audited Financial Statements**”) and the report thereon by the Company’s independent auditor set out in the Company’s annual report for FY2018 released via the SGXNet on 14 April 2019 and which will be despatched to shareholders of the Company (the “**Shareholders**”) in due course.

Pursuant to Rule 704(5) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited, the Board wishes to announce that subsequent to the release of the Unaudited Financial Statements, the management of the Company has adopted certain reclassifications and adjustments in the Audited Financial Statements.

During FY2018, the Group commenced plans to seek interested buyers for the Company’s interests in its wholly-owned subsidiaries, namely ITE Electric Systems Co Pte. Ltd., ITE Lumens Pte. Ltd. and Electech Distribution Systems Sdn. Bhd. and its subsidiary, Electech Manufacturing Sdn. Bhd. (collectively known as the “**Disposal Group**”) (comprising the electrical trading and electrical manufacturing segments of the Group), through the Group’s internal networks. In March 2019, subsequent to the release of the Unaudited Financial Statements, the Company appointed an independent consultant to review and solicit interest to purchase the Disposal Group. While there has been parties who have expressed interest, no definitive agreements have been entered into by the Group in respect of the sale and purchase of the Disposal Group. Notwithstanding, on the abovementioned basis, the management of the Company has classified the Disposal Group as disposal group held for sale and discontinuing operations, and recognised an impairment loss on the Disposal Group of approximately S\$4.6 million (the “**Impairment Loss**”).

Details and explanation of the material variances between the Unaudited Financial Statements and Audited Financial Statements are set out in the Appendices appended to this announcement. Shareholders are advised to read the Audited Financial Statements set out in the Company’s annual report for FY2018 released via the SGXNet on 14 April 2019 and which will be despatched to Shareholders in due course.

BY ORDER OF THE BOARD

Zhang Zhi Liang
Executive Director and Chief Executive Officer

14 April 2019

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, ZICO Capital Pte. Ltd. ("**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.

Appendix 1 – Statements of Financial Position

	Group				Company			
	As per Audited Financial Statement	As per Unaudited Financial Statement	Variance	Note	As per Audited Financial Statement	As per Unaudited Financial Statement	Variance	Note
	\$'000	\$'000	\$'000		\$'000	\$'000	\$'000	
Assets								
Property, plant and equipment	-	394	(394)	(1)	-	-	-	
Subsidiaries	-	-	-		2,137	7,399	(5,262)	(5)
Deferred tax assets	-	50	(50)	(1)	-	-	-	
Other receivables	1,406	1,572	(166)	(2)	-	-	-	
Non-current assets	1,406	2,016	(610)		2,137	7,399	(5,262)	
Inventories	-	2,163	(2,163)	(1)	-	-	-	
Trade and other receivables	450	4,228	(3,778)	(2)	270	270	-	
Cash and cash equivalents	3,642	5,585	(1,943)	(1)	91	91	-	
	4,092	11,976	(7,884)		361	361	-	
Assets held for sale	3,698	-	3,698	(1)	-	-	-	
Current assets	7,790	11,976	(4,186)		361	361	-	
Total assets	9,196	13,992	(4,796)		2,498	7,760	(5,262)	
Equity								
Share capital	24,937	24,937	-		24,937	24,937	-	
Reserves	(20,324)	(15,759)	(4,565)	(3)	(23,150)	(17,888)	(5,262)	(5)
Total equity	4,613	9,178	(4,565)		1,787	7,049	(5,262)	
Liabilities								
Loan from a related party	330	330	-		330	330	-	
Trade and other payables	1,580	3,719	(2,139)	(4)	381	381	-	
Current tax liabilities	775	765	10		-	-	-	
	2,685	4,814	(2,129)		711	711	-	
Liabilities directly associated with the assets held for sale	1,898	-	1,898	(4)	-	-	-	
Current liabilities	4,583	4,814	(231)		711	711	-	
Total liabilities	4,583	4,814	(231)		711	711	-	
Total equity and liabilities	9,196	13,992	(4,796)		2,498	7,760	(5,262)	

Appendix 2 – Consolidated Statement of Profit or Loss and Consolidated Statement of Comprehensive Income

	Group			Note
	As per Audited Financial Statement	As per Unaudited Financial Statement	Variance	
	S\$'000	S\$'000	S\$'000	
Continuing operations				
Revenue	4,848	17,805	(12,957)	(6)
Change in inventories of finished goods and work in progress	-	(9,216)	9,216	(7)
Raw materials and consumables used	-	(559)	559	(7)
Sales agent fee	(1,825)	(1,825)	-	
Administrative expenses	(1,268)	-	(1,268)	(8) & (9)
Staff cost	-	(2,412)	2,412	(8)
Depreciation of property, plant and equipment	-	(76)	76	(7)
Other expenses	-	(2,435)	2,435	(9)
Other income	-	370	(370)	(10)
Finance income, net	250	-	250	(10)
Profit before tax	2,005	1,652	353	
Tax expense	(755)	(870)	115	(11)
Profit from continuing operations	1,250	782	468	
Discontinuing operations				
Loss from discontinuing operations (net of tax)	(5,033)	-	(5,033)	(6) to (11)
(Loss)/ Profit for the year	(3,783)	782	(4,565)	
Loss attributable to:				
Owners of the Company	(3,783)	782	(4,565)	
(Loss) / Profit for the year	(3,783)	782	(4,565)	
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss:				
Foreign currency translation differences – foreign operations				
- Continuing operations	(136)	(97)	(39)	
- Discontinuing operations	40	0	40	
Other comprehensive income for the year, net of tax	(96)	(97)	1	
Total comprehensive income for the year	(3,879)	685	(4,564)	
Total comprehensive income attributable to :				
Owners of the Company	(3,879)	685	(4,564)	

Appendix 3 – Consolidated Statement of Cash Flows

	Group		Variance	Note
	As per Audited Financial Statement	As per Unaudited Financial Statement		
	S\$'000	S\$'000		
Cash flows from operating activities				
(Loss)/Profit for the year	(3,783)	782	(4,565)	
Adjustments for:				
Depreciation of property, plant and equipment	75	75	-	
Gain on disposal of property, plant and equipment	(16)	-	(16)	
Finance income, net	(247)	(34)	(213)	(12)
Impairment loss on trade receivables	258	259	(1)	
Impairment loss recognised on assets held for sale	4,594	-	4,594	(5)
Write-back of allowance for inventory obsolescence (net)	(17)	(17)	-	
Property, plant and equipment written off	*	-	-	
Tax expense	870	190	680	(13)
	<u>1,734</u>	<u>1,255</u>	<u>479</u>	
Changes in working capital:				
- Inventories	130	130	-	
- Trade and other receivables	911	1,236	(325)	(14)
- Trade and other payables	935	1,046	(111)	(15)
Cash generated from operations	<u>3,710</u>	<u>3,667</u>	<u>43</u>	
Tax paid	(458)	(131)	(327)	(16)
Net cash from operating activities	<u>3,252</u>	<u>3,536</u>	<u>(284)</u>	
Cash flows from investing activities				
Acquisition of property, plant and equipment	(217)	(156)	(61)	
Interest received	284	34	250	(10)
Loan to a third party	(1,383)	(1,406)	23	
Proceeds from disposal of property, plant and equipment	16	-	16	
Net cash used in investing activities	<u>(1,300)</u>	<u>(1,528)</u>	<u>228</u>	
Cash flows from financing activity				
Issuance of new ordinary shares	-	-	-	
Net cash from financing activity	<u>-</u>	<u>-</u>	<u>-</u>	
Net increase in cash and cash equivalents	<u>1,952</u>	<u>2,008</u>	<u>(56)</u>	
Cash and cash equivalents at beginning of the year	3,676	3,676	-	
Effect of exchange rate changes on cash balances held in foreign currencies	(43)	(99)	56	
Cash and cash equivalents at end of the year	<u>5,585</u>	<u>5,585</u>		

*Less than S\$1,000

Notes:

- (1) Reclassification of item which relates to the Disposal Group to “assets held for sale”.
- (2) Reclassification of S\$3.74 million which relates to the Disposal Group to “assets held for sale”, and balance of S\$0.21 million mainly relates to adjustment on foreign currency translation and the carrying amount of receivables.
- (3) The variance was due to the material adjustments made in the consolidated statement of profit or loss.
- (4) Reclassification of S\$1.91 million which relates to the Disposal Group to “liabilities directly associated with the assets held for sale”, and balance of S\$0.23 million mainly relates to adjustment on foreign currency translation and the carrying amount of payables.
- (5) Adjustments made as a result of the Impairment Loss recognised on the Disposal Group.
- (6) Reclassification of revenue of S\$12.94 million related to the Disposal Group to “loss from discontinuing operations (net of tax)”.
- (7) Reclassified to “loss from discontinuing operations (net of tax)”.
- (8) Staff cost of S\$1.80 million which relates to the Disposal Group was reclassified to “loss from discontinuing operations (net of tax)” and the remaining balance of S\$0.61 million was recognised under “administrative expenses”.
- (9) Other expenses of S\$1.73 million which relates to the Disposal Group was reclassified to “loss from discontinuing operations (net of tax)” and the remaining balance of S\$0.71 million was recognised under “administrative expenses”.
- (10) Other income of S\$0.25 million which relates to interest received was reclassified to “finance income” and remaining balance of S\$0.12 million was reclassified to “loss from discontinuing operations (net of tax)”.
- (11) Tax expense of S\$0.12 million was reclassified to “loss from discontinuing operations (net of tax)”.
- (12) Reclassification of interest income of S\$0.25 million from “other income” to “finance income” and recognition of foreign exchange loss of S\$0.04 million.
- (13) Adjustment made due to incorrect classification of approximately S\$0.68 million of “tax expense” in “other expense”.
- (14) Adjustments on foreign currency translation and the carrying amount of receivables.
- (15) Adjustments on foreign currency translation and the carrying amount of payables.
- (16) Adjustments made due to incorrect classification between cash used in tax paid and cash used in other expense.