



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

QUALIFIED OPINION BY THE INDEPENDENT AUDITOR ON THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

In compliance with Rule 704(4) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Board of Directors (“**Directors**”) of Sunrise Shares Holdings Ltd. (“**Company**”, and together with its subsidiaries, “**Group**”) would like to announce that its independent auditor, PKF-CAP LLP (“**Independent Auditor**”), has in its Independent Auditor’s Report dated 12 June 2023 (“**Independent Auditor’s Report**”), included a qualified opinion (“**Qualified Opinion**”) in relation to the Group’s consolidated financial statements (“**Financial Statements**”) for the financial year ended 31 December 2022.

In summary, the basis for the Qualified Opinion relates to whether certain transactions are deemed related party transactions and whether further disclosures are required in the Financial Statements.

The Independent Auditor’s Report which contains the basis for the Qualified Opinion is attached to this Announcement for shareholders’ reference.

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 Qualified 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

Liang Yongdong
Chief Executive Officer
13 June 2023

*This announcement has been reviewed by the Company’s sponsor, Provenance Capital Pte. Ltd. (“**Sponsor**”), for compliance with the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalist. It has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.*

The contact person for the Sponsor is Ms Wong Bee Eng, Chief Executive officer, at 96 Robinson Road, #13-01, SIF Building, Singapore 068899, Telephone: (65) 6227 5810, Email: wongbe@provenancecapital.com.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SUNRISE SHARES HOLDINGS LTD.

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Sunrise Shares Holdings Ltd. (the "Company") and its subsidiaries (the "Group"), which comprise the statements of financial position of the Group and of the Company as at 31 December 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Qualified 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 from 1 November 2021 to 30 June 2022. The fees charged amounted to \$120,000 per quarter. The Group recognised consultancy management service revenue of \$240,000 for the financial year ended 31 December 2022.

On 9 November 2021, the Group received an amount of \$120,000 from New Zealand Luck Star Investment Limited ("NZ Luck Star") for the period from November 2021 to January 2022.

On 21 February 2022, the Group received an amount of \$120,000 from NZ Luck Star for the period from February to April 2022.

On 8 June 2022, the Group received the final amount of \$80,000 from Nan Fang (Singapore) Investment Fund Management Pte Ltd ("Nan Fang Singapore") for the period from May to June 2022.

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SUNRISE SHARES HOLDINGS LTD.

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

Basis for Qualified Opinion (cont'd)

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

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

- a) the shares of NZ Nan Fang have been transferred numerous times among certain individuals ("Group of Individuals") and the Corporation H during 2021 and 2022. The Group of Individuals 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 Corporation H were held by the Controlling Shareholder and his family members, and were transferred numerous times among the Controlling Shareholder, NZ Nan Fang and the Group of Individuals during 2021 and 2022.
- 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. From 8 December 2021 to 2 April 2022, the shares of NZ Luck Star were transferred back to NZ Sunrise Development, a company controlled by the Controlling Shareholder.

We are not able to satisfy ourselves with respect to the commercial rationale and substance of these changes in the shareholdings of NZ Nan Fang and the Corporation H 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.

As such, we are unable to satisfy ourselves with respect to management's representation that the provision of Consultancy Services to NZ Nan Fang and receipt of consultancy services fee from Nan Fang Singapore in 2022 are not related party transactions. Consequently, we are unable to conclude if any further disclosures are required in the consolidated financial statements with respect to the property consultancy and management fee from NZ Nan Fang.

2) 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 Corporation H. The loan was fully settled in January 2022, and interest income of RMB310,000 (equivalent to \$59,000) was recognized for the financial year ended 31 December 2022.

Based on the findings and explanations of the basis mentioned in section (1) of the Basis for Qualified 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 Corporation H, prior to the Group extending the loan to SZXD.

As such, we are unable to satisfy ourselves with respect to management's representation that the interest income from SZXD is not a related party transaction. Consequently, we are unable to conclude if any further disclosures are required in the consolidated financial statements with respect to the interest income from SZXD. Consequently, we are unable to conclude if any further disclosures are required in the consolidated financial statements with respect to the interest income from SZXD.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SUNRISE SHARES HOLDINGS LTD.

3) Consultancy management services to Nan Fang (Singapore) Investment Fund Management Pte Ltd

On 23 December 2021, the Group entered into a consultancy management services agreement with Nan Fang (Singapore) Investment Fund Management Pte Ltd ("Nan Fang Singapore") for the provision of daily industrial and commercial registration maintenance and business consulting management services, including property management, hotel management, project management, marketing planning and investment consulting. The initial contract period was from 1 January 2022 to 30 December 2024 and the revenue per quarter was \$80,000. The contract was terminated on 30 June 2022. Revenue of \$160,000 was recognized for the financial year ended 31 December 2022.

Based on the background search on Nan Fang Singapore, it came to our attention that the shares of Nan Fang Singapore were transferred among the Group of Individuals, Premier Success Investment Pte Ltd and NZ Nan Fang, in the previous and current financial years.

We are not able to satisfy ourselves with respect to the commercial rationale and substance of these changes in shareholdings of Nan Fang Singapore and the Group of Individuals prior and during the consultancy service period with Nan Fang Singapore. As such, we are unable to satisfy ourselves with respect to management's representation that the provision of Consultancy Services to Nan Fang Singapore are not related party transactions.

Consequently, we are unable to conclude if any further disclosures are required on the consolidated financial statements with respect to the property consultancy and management fee from Nan Fang Singapore.

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other matter

The consolidated financial statements of the Group for the financial year ended 31 December 2021 and the statement of financial position of the Company as at 31 December 2021 were audited by another independent auditor who expressed a disclaimer of opinion on those financial statements on 20 May 2022 as detailed in Note 23 to the financial statements.

Other information

Management is responsible for the other information. The other information comprises the information included in the Annual Report 2022 but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Qualified Opinion section above, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SUNRISE SHARES HOLDINGS LTD.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matters described in the Basis for Qualified Opinion section, we have determined that there are no other key audit matters to communicate in our report.

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)s, 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 objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SUNRISE SHARES HOLDINGS LTD.

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

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, 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 Titus Kuan Tjian.

PKF-CAP LLP

Public Accountants and
Chartered Accountants

Singapore

12 June 2023