

# **SUNRISE SHARES HOLDINGS LTD.**

*Registration Number: 198201457Z*

Illustrative condensed interim financial statements  
For the Six Months ended 30 June 2022

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**A. Interim condensed consolidated statement of comprehensive income for six-month financial period ended 30 June 2022**

		<b>6 months period ended 30.06.2022 ("HY2022") S\$'000 (Unaudited)</b>	<b>6 months period ended 30.06.2021 ("HY2021") S\$'000 (Unaudited)</b>	<b>Increase/ (Decrease)  %</b>
	<b>Note</b>			
Revenue		809	330	145
Other income:				
- Interest	5	66	240	(73)
Selling and distribution expenses		-	(3)	NM
Administrative expense		(484)	(405)	20
<b>Profit before taxation</b>		<b>391</b>	<b>162</b>	<b>27</b>
Tax expense	6	(186)	(182)	2
<b>Profit/(loss) for the financial period, net of tax</b>		<b>205</b>	<b>(20)</b>	<b>(1125)</b>
<b>Profit/ (loss) for the period</b>		<b>205</b>	<b>(20)</b>	<b>(1125)</b>
<b>Other comprehensive income /(loss)</b>				
<u>Items that may be reclassified to profit or loss in subsequent periods (net of tax)</u>				
Currency translation difference on consolidation of foreign entities (net)		18	198	(91)
<b>Total other comprehensive income, net of tax</b>		<b>18</b>	<b>198</b>	<b>(91)</b>
<b>Total comprehensive income for the period</b>		<b>223</b>	<b>178</b>	<b>25</b>
<b>Profit attributable to :-</b>				
Owners of the Company		223	178	25

## B. Condensed Interim statements of financial position

	The Group		The Company	
	As at 30.06.2022 S\$'000 (Unaudited)	As at 31.12.2021 S\$'000 (Audited)	As at 30.06.2022 S\$'000 (Unaudited)	As at 31.12.2021 S\$'000 (Audited)
<b>Assets</b>				
Subsidiaries	-	-	1,145	10
Right of Use Assets	7	15	-	-
<b>Non-current assets</b>	<b>7</b>	<b>15</b>	<b>1,145</b>	<b>10</b>
Trade and other receivables	1,569	4,192	908	1,818
Cash and cash equivalents	4,615	2,263	1,008	1,641
<b>Current assets</b>	<b>6,184</b>	<b>6,455</b>	<b>1,916</b>	<b>3,459</b>
<b>Total assets</b>	<b>6,191</b>	<b>6,470</b>	<b>3,061</b>	<b>3,469</b>
<b>Equity</b>				
Share Capital	25,668	25,668	25,668	25,668
Reserves	(19,754)	(19,976)	(22,950)	(22,666)
<b>Total equity</b>	<b>5,914</b>	<b>5,692</b>	<b>2,718</b>	<b>3,002</b>
<b>Liabilities</b>				
Current lease liabilities	7	15	-	-
Trade and other payables	270	258	343	203
Deferred Income	-	40	-	-
Loan from Shareholder	-	264	-	264
Current tax liabilities	-	201	-	-
<b>Current liabilities</b>	<b>277</b>	<b>778</b>	<b>343</b>	<b>467</b>
<b>Total liabilities</b>	<b>277</b>	<b>778</b>	<b>343</b>	<b>467</b>

### C. Condensed interim statements of changes in equity

The Group	Share	Foreign	Statutory	Other	Accumulated	Total
	capital	translation	reserves	reserves	losses	equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>2022</b>						
<b>Balance at 1 January 2022</b>	<b>25,668</b>	<b>140</b>	<b>523</b>	<b>-</b>	<b>(20,640)</b>	<b>5,691</b>
<b>Total comprehensive income</b>						
Profit for the period	-	-	-	-	205	205
<b>Other comprehensive income:</b>						
Foreign currency translation differences arising from the translation of foreign operations	-	18	-	-	-	18
<b>Total other comprehensive income, net of tax</b>	<b>-</b>	<b>18</b>	<b>-</b>	<b>-</b>	<b>205</b>	<b>223</b>
<b>Balance at 30 June 2022</b>	<b>25,668</b>	<b>158</b>	<b>523</b>	<b>-</b>	<b>(20,435)</b>	<b>5,914</b>
<b>2021</b>						
<b>Balance at 1 January 2021</b>	<b>25,668</b>	<b>(70)</b>	<b>523</b>	<b>-</b>	<b>(20,708)</b>	<b>5,413</b>
Loss for the period	-	-	-	-	(20)	(20)
<b>Other comprehensive income:</b>						
Currency translation differences arising on consolidation	-	198	-	-	-	198
<b>Total comprehensive income/(loss), net of tax</b>	<b>-</b>	<b>198</b>	<b>-</b>	<b>-</b>	<b>(20)</b>	<b>178</b>
<b>Balance at 30 June 2021</b>	<b>25,668</b>	<b>128</b>	<b>523</b>	<b>-</b>	<b>(20,728)</b>	<b>5,591</b>

**C. Condensed interim statements of changes in equity (cont'd)**

The Company	Share capital	Accumulated losses	Total
	S\$'000	S\$'000	S\$'000
<b>2022</b>			
<b>Balance at 1 January 2022</b>	<b>25,668</b>	<b>(22,666)</b>	<b>3,002</b>
Loss for the period/representing total comprehensive loss for the period	-	(284)	(284)
<b>Balance at 30 June 2022</b>	<b>25,668</b>	<b>(22,950)</b>	<b>2,718</b>
<b>2021</b>			
<b>Balance at 1 January 2021</b>	<b>25,668</b>	<b>(24,833)</b>	<b>835</b>
Loss for the period/representing total comprehensive loss for the period	-	(171)	(171)
<b>Balance at 30 June 2021</b>	<b>25,668</b>	<b>(25,004)</b>	<b>664</b>

## D. Condensed interim consolidated statement of cash flow

	<b>The Group</b>	
	<b>HY2022</b> <b>S\$'000</b> <b>(Unaudited)</b>	<b>HY2021</b> <b>S\$'000</b> <b>(Unaudited)</b>
<b><u>Cash Flows from Operating Activities</u></b>		
Profit before tax from the operations	391	162
<b>Adjustments for :-</b>		
Bank interest -net	-	-
Interest Income on loans to third party	-	(240)
Depreciation	7	7
<b>Operating profit/(loss) before working capital changes</b>	<b>398</b>	<b>(71)</b>
Change in working capital:		
Trade and other receivables	2,623	1,080
Trade and other payables	(29)	(82)
<b>Cash generated from operations</b>	<b>2,992</b>	<b>998</b>
<b>Net taxation paid</b>	<b>(387)</b>	<b>(312)</b>
<b>Net cash generated from operating activities</b>	<b>2,605</b>	<b>615</b>
<b><u>Cash Flows from Investing Activities</u></b>		
Bank Interest received	-	-
Interest Income on loans to third party	-	240
Project investment fund due from third party	-	-
<b>Net cash generated from investing activities</b>	<b>-</b>	<b>240</b>
<b><u>Cash Flows from Financing Activities</u></b>		
Proceed from issuance of shares	-	-
Loan from shareholder	(264)	404
Repayment of lease liabilities	(7)	(7)
<b>Net cash (used in)/ generated from financing activities</b>	<b>(271)</b>	<b>397</b>
<b>Net increase in cash and cash equivalents</b>	<b>2,334</b>	<b>1,252</b>
Cash and cash equivalents at beginning of financial year	2,263	961
Effect of exchange rate changes on cash balances held in foreign currencies	18	200
<b>Cash and cash equivalents at end of financial period</b>	<b>4,615</b>	<b>2,413</b>
Represented by :-		
Cash at bank and in hand	4,615	2,413
Fixed deposits	-	-
	4,615	2,413

## **E. Notes to the condensed interim consolidated financial statements**

### **1. Corporate Information**

Sunrise Shares Holdings Ltd. (the Company) is incorporated in Singapore and whose shares are publicly traded on the Catalist Board of the Singapore Exchange. These condensed interim consolidated financial statements as at and for the six months ended 30 June 2022 comprise the Company and its subsidiaries (collectively, the Group).

The principal activities of the Group are engaged in the provision of property consultancy and management services to property management companies in PRC in relation to, among others, (i) construction execution planning, (ii) construction team management advising, (iii) material supplier consulting, (iv) budget advising, (v) property management team advising, and (vi) property marketing and brokerage service.

### **2. Basis of Preparation**

The condensed interim financial statement for the six months ended 30 June 2022 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of changes in the Group’s financial position and performance of the Group since the last annual financial statements for the financial statements for the financial year ended 31 December 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore Dollars (“SGD” or “S\$”), which is the Company’s functional currency, and all values are rounded to the nearest thousand (“S\$’000”) except when otherwise indicated.

#### **2.1 New and amended standards adopted by the Group**

A number of amendments to standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustment as a result of adopting those standards.

#### **2.2 Use of judgements and estimates**

In preparing the interim condensed financial statements, management has made judgement, estimates and assumptions that affect the application of accounting policies and the reported amounts of revenues, expenses, assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management’s best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

*Use of estimates and judgements*



The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the financial year ended 31 December 2021.

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables (other than lease liabilities) approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

There were no significant judgements made in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next interim period.

### **3. Seasonal Operations**

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

### **4. Segment and revenue information**

The Group is organised into the following main business segments:

- (a) Property consultancy and management.
- (b) Investment segment

These operating segments are reported in a manner consistent with internal reporting provided to the Group's Executive Director and Chief Executive Officer who are responsible for allocating resources and assessing performance of the operating segments.

**Segment information (cont'd)**

	<b>Property consultancy and management SS'000</b>	<b>Investment segment SS'000</b>	<b>Consolidated SS'000</b>
<b>HY2022</b>			
Sale to external customers	400	409	809
Inter-segment revenue	-	-	-
Total revenue	<u>400</u>	<u>409</u>	<u>809</u>
Segment profit/(loss) before tax	-	-	-
Others	(670)	-	(670)
Finance income	66	-	66
(Loss)/ Profit before taxation	<u>(204)</u>	<u>409</u>	<u>205</u>
Taxation	-	-	-
Net loss/ profit attributable to owners of the Company	<u>(204)</u>	<u>409</u>	<u>205</u>
Assets and liabilities:			
Reportable segment assets	4,643	1,548	6,191
Unallocated assets	-	-	-
	<u>4,643</u>	<u>1,548</u>	<u>6,191</u>
Reportable segment liabilities	273	4	277
Unallocated liabilities	-	-	-
	<u>273</u>	<u>4</u>	<u>277</u>

**Segment information (cont'd)**

	<b>Property consultancy and management S\$'000</b>	<b>Investment segment S\$'000</b>	<b>Consolidated S\$'000</b>
<b>HY2021</b>			
Sale to external customers	330	-	330
Inter-segment revenue	-	-	-
Total revenue	330	-	330
Segment profit/(loss) before tax	99	-	99
Others	-	-	(177)
Finance income	240	-	240
Profit before taxation	162	-	162
Taxation	(182)	-	(182)
Net loss attributable to owners of the Company	(20)	-	(20)
Assets and liabilities:			
Reportable segment assets	5,668	520	6,188
Unallocated assets	-	-	174
	-	-	6,362
Reportable segment liabilities	242	-	242
Unallocated liabilities	-	-	529
	242	-	771
<b>Segment revenue</b>	<b>6 month period ended 30.06.2022 S\$'000 (Unaudited)</b>	<b>6 month period ended 30.06.2021 S\$'000 (Unaudited)</b>	
Property consultancy and management	400	330	
Investment segment	409	-	

The following table provides a disaggregation of the Group's revenue by timing of revenue recognition.

	<b>GROUP</b>	
	<b>6 month period ended 30.06.2022 S\$'000 (Unaudited)</b>	<b>6 month period ended 30.06.2021 S\$'000 (Unaudited)</b>
Timing of revenue recognition:		
At a point in time:		
Sale brokerage commission	-	78
Forex trading	409	-
Over time:		
Property consultancy and management fee	400	252
	<b>809</b>	<b>330</b>

### **Geographical Information**

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of projects.

. Segment assets are based on the geographical location of the assets.

	<b>Revenue S\$'000</b>	<b>Non-current assets S\$'000</b>
<b><u>30 June 2022</u></b>		
Singapore	569	-
China	-	-
Other countries	240	-
	<b>809</b>	<b>-</b>
<b><u>30 June 2021</u></b>		
Singapore	-	-
China	330	21
Other countries	330	21

## 5. Other income

	<b>GROUP</b>	
	<b>6 month period ended 30.06.2022 S\$'000 (Unaudited)</b>	<b>6 month period ended 30.06.2021 S\$'000 (Unaudited)</b>
Interest income		
- Interest expense ROU		(1)
- Third party	66	241
	<b>66</b>	<b>240</b>

## 6. Tax expense

	<b>GROUP</b>	
	<b>6 month period ended 30.06.2022 S\$'000 (Unaudited)</b>	<b>6 month period ended 30.06.2021 S\$'000 (Unaudited)</b>
Tax expense attributable to profits is made up of:		
- Current income tax provision	-	24
- Third party	186	158
	<b>186</b>	<b>182</b>

## 7. Profit/(Loss) for the Period

	<b>GROUP</b>	
	<b>6 month period ended 30.06.2022 S\$'000 (Unaudited)</b>	<b>6 month period ended 30.06.2021 S\$'000 (Unaudited)</b>
Profit/(Loss) for the financial period is arrived at charging:		
Professional fee	199	36
Staff costs and Directors fee	176	249
Lease Expense	8	7
Agent Fee	-	3
Other Expense (Office expense, travel and entertainment)	9	113
Foreign exchange loss	185	100

## 8. Earnings/(loss) per Share

The calculation of the basic and diluted loss per share attributable to the ordinary equity holders of the Company is based on the following data:

	<b>GROUP</b>	
	<b>As at 30.06.2022 S\$'000 (Unaudited)</b>	<b>As at 30.06.2021 S\$'000 (Audited)</b>
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share ('000)	209,337	209,337
Basic and diluted earnings/(loss) per share (cents per share)	0.10	(0.01)

## 9. Net asset value (for the issuer and group) per ordinary share based on issued share capital excluding treasury shares of the issuer at the end of the:-

- Current financial period reported on; and
- Immediately preceding financial year.

<b>GROUP</b>		<b>COMPANY</b>	
30.06.2022	31.12.2021	30.06.2022	31.12.2021
Singapore cents	Singapore cents	Singapore cents	Singapore cents
2.8	2.7	1.3	1.4

## 10. Right-of-use Assets and Lease Liabilities

### The Group as a lessee

#### Nature of the Group's leasing activities

The Group leases office unit from non-related party with a tenure of 3 years. Information about leases for which the Group is a lessee is presented below:

*Amounts recognised in statement of financial position*

	<b>GROUP</b>	
	<b>As at 30.06.2022 S\$'000 (Unaudited)</b>	<b>As at 31.12.2021 S\$'000 (Audited)</b>
<u>Carrying amount of right-of-use assets</u>		
Office unit	7	15
<u>Carrying amount of lease liabilities</u>		
Current	7	15

*Amounts recognised in profit or loss*

	<b>GROUP</b>	
	<b>As at 30.06.2022 S\$'000 (Unaudited)</b>	<b>As at 31.12.2021 S\$'000 (Audited)</b>
Depreciation charge for the financial period	7	14
<u>Lease expense not included in the measurement of lease liabilities</u>		
Lease expense – short term leases	7	3
Interest expense on lease liabilities	-	-

*Reconciliation of movements of liabilities to cash flows arising from financing activities*

	<b>Lease liabilities</b>	
	<b>As at 30.06.2022 S\$'000 (Unaudited)</b>	<b>As at 31.12.2021 S\$'000 (Audited)</b>
Balance at 1 January	14	28
Changes from financing cash flows		
- Repayments	(7)	(14)
- Interest paid	-	(1)
Non-cash changes		
- Interest expense	-	1
- Effect of changes in foreign exchange rates	-	-
Balance as at 30 June 2022/ 31 Dec 2021	7	14

**11. Investment in Subsidiaries**

	<b>COMPANY</b>	
	<b>As at 30.06.2022 S\$'000 (Unaudited)</b>	<b>As at 31.12.2021 S\$'000 (Audited)</b>
Unquoted equity shares, at cost		
At 1 January	10	336
Addition/(Disposal)	1,135	(326)

At the end of period	1,145	10
Allowance for impairment loss		
At 1 January	-	-
Disposal	-	-
At end of period	-	-
Net carrying amount	1,145	10

a) Details of subsidiaries held by the Company are:

Name of subsidiary and country of incorporation	Principal activities	Effective equity interest	
		30.06.2022 %	31.12.2021 %
Sunrise Industrial (Singapore) Pte. Ltd. <sup>(2)</sup>	Property fund management and real estate investment trusts	100	100
Sunrise Investment Limited <sup>(1)</sup> (Cayman Island)	Investment holding	100	100
<u>Held by Sunrise Industrial (Singapore) Pte. Ltd.</u>			
Hong Kong Sunrise Industrial Development Limited (f.k.a Hong Kong Sunrise Consultant Investment Limited <sup>(3)</sup> (Hong Kong)	Property consultancy, management and related services	100	100
<u>Held by Hong Kong Sunrise Industrial Development Limited</u>			
Hong Kong Sunrise Consultant Limited (f.k.a Hong Kong Sunrise Development Limited <sup>(3)(5)</sup> (Hong Kong)	Investment holding company	100	100

## 11. Investment in Subsidiaries (cont'd)

<u>Held by Hong Kong Sunrise Consultant Limited</u>			
Shenzhen Sunrise Development Limited <sup>(4)</sup> (China)	Property consultancy, management and related services	100	100
<u>Held by Shenzhen Sunrise Development Limited</u>			



Shenzhen Kimshek Construction Project Management Limited (f.k.a Shenzhen Zhongtong Development Ltd) <sup>(4)</sup> (China)	Property consultancy, management and related services	100	100
Shenzhen Kimshek Consultancy Management Limited (f.k.a Shenzhen Sunrise Consultancy Management Ltd) <sup>(4)</sup> (China)	Property consultancy, management and related services	100	100

1. Not required to be audited.

2. The entity commenced operations during FY2021. Audited by Baker Tilly TFW LLP. Audited by independent member firm of Baker Tilly International.

3. Audited by independent member firm of Baker Tilly International.

4. This subsidiary was held directly by the Company for the year 2020. Audited by independent member firm of Baker Tilly International for group consolidation purpose.

The above arrangements are for FY2021 and that for current financial year (FY2022), the Company will be appointing a new External Auditor in view of cessation of Baker Tilly and that arrangements for the auditing of the subsidiaries will be made in compliance with requirements of inter alia, Catalist Rules.

## 12. Trade and other receivables

	GROUP		COMPANY	
	As at 30.06.2022 S\$'000 (Unaudited)	As at 31.12.2021 S\$'000 (Audited)	As at 30.06.2022 S\$'000 (Unaudited)	As at 31.12.2021 S\$'000 (Audited)
Prepayments	-	3	-	2
Other receivables	1,569	4,189	459	1,374
Amount due from subsidiaries	-	-	449	442
	<u>1,569</u>	<u>4,192</u>	<u>908</u>	<u>1,818</u>

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

As at 30 June 2022, included in other receivables are loans to Nan Fang SG and NZ Nan Fang of \$405,600 in aggregate and deposit of \$1,106,679 to Axixcorp that would be refunded later. The loan to Nan Fang Singapore is for a period of 6 months with a return of 2.4% of interest income. Although the following investment has been terminated, the Group is confident that the amount loans will be refunded in the 2HFY2022. The Board is confident that the loan will be refunded on the basis that the Company has been having a long and friendly relationship between the counter party. The clause in the agreement has also stated very clearly.

To strengthen the consultancy agreements signed with Nan Fang (Singapore) Investment Fund Management Pte. Ltd. and New Zealand Nan Fang Limited, the Group has entered into two short term loan on 17 January 2022 and 13 January 2022. The purpose of the two loans are to support both parties in business development. The loan amount is USD\$150,000 each, with an investment return of USD\$3600

each. The loan agreements are terminated together with the original consultancy agreement, and to be repaid within 3 months from the date of termination.

No announcement was made at the entry into the said loans agreements with NZ Nan Fang and Nan Fang SG. There may be breach of Catalist Rules as the entry into these loans agreements may be deemed as IPT and the amount at risk is approximately 7.4% of the Group's latest audited NTA as at 31 December 2021. As such, Shareholders' approval may be required for these loans agreements. The Company will consult the SGX-ST and the Sponsor for, inter alia, the requirements to rectify these transactions.

The deposit of \$1,106,679 is placed with Axixcorp Limited which SIL engages to perform the forex trading. Once the service has been terminated, the deposit will be refunded to SIL. The Board confirms that Axixcorp Limited, its directors and shareholders are not related to the Company, the Directors and substantial shareholders of the Company.

These loans were unpaid as of now and terms of these loans are as follows:

<b>Loan</b>	<b>Security</b>	<b>Pledge</b>	<b>Interest</b>	<b>Principal amount</b>	<b>Balance as at 30.06.22</b>
Loan to Nan fang NZ	Unsecured	Nil	2.4%	US\$150,000	US\$150,000
Loan to Nan fang SG	Unsecured	Nil	2.4%	US\$150,000	US\$150,000

As at 31 December 2021, included in other receivables is loan to third parties of \$4,189,395.

These loans were repaid in January 2022 and terms of these loans are as follows:

<b>Loan</b>	<b>Security</b>	<b>Pledge</b>	<b>Interest</b>	<b>Principal amount</b>	<b>Balance as at 31.12.21</b>
Loan to Shenzhen Xudao	Secured	Property	2% per month	RMB 13,000,000	\$2,815,395
Loan to Nan Fang SG	Unsecured	Nil	3% per month	\$1,300,000	\$1,324,000

Included in other receivables is loans to a third party of S\$405,600 as at 30 June 2022 (31 December 2021: S\$1,324,000) – which were subsequently terminated on 30 June 2022 and deposit of S\$1,106,678 which was placed with an investment trading company.

### 13. Share Capital

	<b>30.06.2022</b>		<b>31.12.2021</b>	
	<b>Number of shares</b>	<b>Issued share capital S\$</b>	<b>Number of shares</b>	<b>Issued share capital S\$</b>
Beginning of interim period	'000	S\$'000	'000	S\$'000
Issue of ordinary shares by virtue of exercise of share options	209,337	25,668	209,337	25,668
	-	-	-	-
End of interim period	209,337	25,668	209,337	25,668

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.

The Company does not have any outstanding convertibles, treasury shares and subsidiary holdings as at 30 June 2022, 31 December 2021, and 30 June 2021.

#### 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.

#### 16. Other Reserve

Other reserve relates to the difference of the net recognised amount of the identifiable assets acquired and liabilities assumed over fair value of the consideration on the acquisition of the non-controlling interests in prior years.

#### 17. Trade and Other Payables

	GROUP		COMPANY	
	As at 30.06.2022 S\$'000 (Unaudited)	As at 31.12.2021 S\$'000 (Audited)	As at 30.06.2022 S\$'000 (Unaudited)	As at 31.12.2021 S\$'000 (Audited)
Trade payables	-	50	-	-
Accruals	48	188	48	133
Other payables	222	20	67	-
Amount due to a subsidiary	-	-	70	70
	<u>270</u>	<u>258</u>	<u>185</u>	<u>203</u>

Amount due to a subsidiary is non-trade in nature, unsecured, interest free and repayable on demand.

#### 18. Related Party Transactions

In addition to information disclosed elsewhere in the financial statements (in particular Section F, paragraph 7), the following transactions took place between the Group and related parties, who are not members of the Group during the financial year on terms agreed by the parties concerned:

GROUP	
As at	As at

	<b>30.06.2022</b> <b>S\$'000</b> <b>(Unaudited)</b>	<b>31.12.2021</b> <b>S\$'000</b> <b>(Audited)</b>
Loan received from shareholder	-	671
Repayment of shareholder loan	(264)	(407)

### *Key management personnel compensation*

Total key management personnel compensation is analysed as follows:

	<b>GROUP</b>	
	<b>As at</b> <b>30.06.2022</b> <b>S\$'000</b> <b>(Unaudited)</b>	<b>As at</b> <b>31.12.2021</b> <b>S\$'000</b> <b>(Audited)</b>
Directors of the Company		
- Directors' fee	128	90
Directors of the subsidiaries		
- Remuneration	44	-
- Short-term employee benefits	4	53
Other key management personnel		
- Short-term employee benefits	-	150
Total key management personnel benefits incurred By the Group	176	293

## **19. Fair Values of Assets and Liabilities**

### a) Fair value hierarchy

The tables below analyse the fair value measurements by the levels in the fair value hierarchy based on the inputs to the valuation techniques. The different levels are defined as follows:

- a) Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- b) Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (i.e. derived from prices); and
- c) Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

No fair value hierarchy information is disclosed for the Group's and Company's financial assets and financial liabilities measured at amortised cost as the carrying amount of these financial assets and liabilities approximate their fair values.

- b) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonableness approximation of fair value

The carrying amounts of financial assets and financial liabilities at amortised cost are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

- c) The Group and the Company has no other financial instruments.

## **20. Subsequent Events**

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

## **F. OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7C**

### **1. Review**

The interim condensed consolidation balance sheet of Sunrise Shares Holdings Ltd and its subsidiaries as at 30 June 2022 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

#### **1A Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed, and in accordance with which auditing standard or practice.

#### **1B. Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a matter).**

The figures have not been audited or reviewed by the auditors

### **2. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:—**

#### **(a) Updates on the efforts taken to resolve each outstanding audit issue.**

Messrs Baker Tilly TFW LLP, the Company's External Auditor has raised five issues being identified that resulted in the auditors issuing a Disclaimer of Opinion. The five issues are a) consultancy management services to New Zealand Nan Fang Investment Limited; b) sales brokerage commission; c) property consultancy and management fee; d) loan to corporation; and e) loan to Nan Fang (Singapore) Investment Fund Management Pte. Ltd. The External Auditor did the background searches and is unable to satisfactory assess and conclude whether these contracts are related party transactions, and whether the contracts are entered into on normal commercial terms.

Messrs Baker Tilly TFW LLP had indicated to the Company on 10 May 2022, and relevant announcement had been made on the 21 May 2022, that Messrs Baker Tilly TFW LLP are unable to obtain appropriate sufficient explanations and information, nor perform any alternative procedures to satisfy themselves that the issues are highlighted are adequately resolved thus Messrs Baker Tilly TFW LLP will not seek re-appointment as auditor of the Company subsequent to the conclusion of FY2021, at the upcoming annual general meeting for FY2021. The Company is cognizant and undertakes to comply with the requirement under Section 205AF(1)(i) of the Companies Act (Chapter 50) of Singapore which requires the Directors to call a general meeting as soon as practicable, and in any case not more than 3 months after the date of the auditor's resignation, for the purpose of appointing an auditor in place of the auditor who desires to resign or has resigned.

The Company has also engaged the Internal Auditor to, inter alia, review the overall IPT process of the Company and to make such recommendations to rectify control deficiencies identified and reviewed during the course of their work.

The Company undertakes that it will, inter alia, implement such measures as recommended by the professionals engaged to address deficiencies in its internal control and risk management systems and to ensure compliance with rules and regulations.

In addition, the Company will also appoint an independent third-party reviewer to perform further review on the five issues that have been raised by the External Auditor and to give such recommendations on how the Group's overall internal control can be strengthened as soon as possible. The Board is also seeking to appoint a new Chief Financial Officer ("CFO") as soon as possible to beef up the finance function.

Based on the findings, observations and works performed by the professionals engaged, the Board accepted the findings and the Board's observations are as follows:-

(a) There is insufficient evidence to conclude if the consultancy services to NZ Nan Fang constitutes an IPT in accordance with Chapter 9 of the Catalist Rules given the close link of the controlling shareholder and Management of the Company and shareholders of NZ Nan Fang. In addition, the payment made by NZ Luck Star on behalf of NZ Nan Fang to the Company may constitute an IPT in accordance with Chapter 9 of the Catalist Rules given the concern as to whether the payment made by NZ Luck Star on behalf of NZ Nan Fang to the Company was motivated by economical and commercial reasons.

(b) The findings did not provide comment as to whether the sales brokerage commission constitutes an IPT in accordance with Chapter 9 of the Catalist Rules given, inter alia, the effective shareholding of the said counter party for the said transaction prior to 1 January 2021 was not available.

(c) There is insufficient evidence to conclude if the property consultancy and management fee constitutes an IPT in accordance with Chapter 9 of the Catalist Rules given the close link of the controlling shareholder and Management of the Company and shareholders of the counter party and its holding company.

(d) There is insufficient evidence to conclude if the loan to corporation constitutes an IPT in accordance with Chapter 9 of the Catalist Rules given that Huang Rui, VP of the Company (from March 2019 to February 2022) and nephew of the controlling shareholder of the Company, was director of H Wealth Management Co., Ltd. (100% shareholder of the said corporation) and the concern as to whether the loan to corporation was motivated by economical and commercial reasons.

(e) There is insufficient evidence to conclude if the loan to Nan Fang (Singapore) Investment Fund Management Pte. Ltd. constitutes an IPT in accordance with Chapter 9 of the Catalist Rules given that Huang Rui, VP of the Company (from March 2019 to February 2022) and nephew of the controlling shareholder of the Company, was director of H Wealth Management Co., Ltd. (100% shareholder of the said corporation) and the concern as to whether the loan to Nan Fang (Singapore) Investment Fund Management Pte. Ltd. was motivated by economical and commercial reasons.

The Board also noted from the findings that the associated person of the Executive Director were not declared.

Based on the findings and recommendations by the professionals engaged, the Board had instructed the Management to implement such measures, inter alia, to clearly define and identify related parties; to properly document and seek the Board's approval for commercial and economic incentives of agreements with third parties; and to ensure the associated persons of the Directors are declared in the conflict of interest. Such measures will be implemented by 30 September 2022 to address deficiencies in its internal control and risk management systems and to ensure compliance with rules and regulations.

The Company will also consult the SGX-ST and the Sponsor for, inter alia, requirements to rectify the transactions which may be deemed as IPT and in particular the property consultancy and management fee referred to in point (c) above which may be deemed as IPT based on the fact that Zhang Zhi Liang was the CEO of the Company and a 91% shareholder of NZ Nan Fang, which is the holding company of the said corporation for certain period of the contract. The Board acknowledges deficiencies in its internal control and risk management systems.

The Company will engage independent third-party reviewer, if necessary, to perform further review on the five issues that have been raised by the External Auditor and to give such recommendations on how the Group's internal control and risk management systems can be strengthened.

**(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

The Board confirms that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

**3. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Save as disclosed in Paragraph 4 below, the Group has adopted the same accounting policies and methods

of computation as those in the audited financial statements for the financial year ended 31 December 2021.

**4. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group has adopted all the new and revised accounting standards where relevant to its operations and effective for the annual periods beginning on or after 1 January 2022.

The adoption of the new and revised accounting standards which are relevant to its operations did not result in any significant financial impact on the results of the Group.

**5A. Review of the Performance of the Group**

Revenue from operations increased by 145% or S\$479,000, from S\$330,000 in HY2021 to S\$809,000 in HY2022 to, mainly due that the company has actively engaged in forex trading activities that resulted in an additional S\$415,000 of additional revenue during the period as compared to last year. It comprises of investment income of S\$400,000 which is derived from Nanfang SG of \$160,000 while \$240,000 from Nanfang New Zealand.

The Board confirms that the forex trading activities are within the ordinary course of business and within the business diversification of the Group to include the Investment Business as defined in the Company's circular dated 27 May 2019, which the Company had sought and obtained Shareholders' approval.

Interest income amounted to S\$66,000 in HY2022 comprising interest income of S\$60,000 from the loan to [Shenzhen Xudao Real Estate Development Limited ("Shenzhen Xudao")] and S\$6,000 from the loan to Nan Fang (Singapore) Investment Fund Management Pte Ltd ("Nan Fang SG"). Shareholders should note that the actual interest income received for loans to Shenzhen Xudao and Nan Fang SG were substantially lower than the amount disclosed in the Company's announcement dated 6 June 2022 and the Company's Annual Report for FY2021 (whereby it was disclosed that the interest income were S\$78,000 and S\$30,000 from loans to Shenzhen Xudao and Nan Fang SG respectively. The reason for variation is due to the interest income reflected is before VAT hence only \$60,000 was only reflected in the announcement. As Nan Fang SG loan was terminated as a result only \$6,000 was received from them.

Selling and distribution expense decreased by 100% or S\$3,000, from S\$3,000 in HY2021 to S\$Nil in HY2022, as no sales and distribution activities were conducted during HY2022.

Administrative expenses (comprising staff costs and other expenses) increased by 20% or S\$79,000, from \$405,000 in HY2021 to S\$484,000 in HY2022. This was mainly due (i) increase of professional fee of S\$163,000 as the company due to extension of audit which resulted in higher fees incurred (ii) increase of foreign exchange losses of \$85,000 due to foreign transactions (iii) decrease of \$73,000 of staff costs due to reduction of operating staff members and (iiii) decrease of \$169,000 of office expenses due to reduction in company activities.

Tax expense amounted to S\$186,000 in HY2022, as compared to S\$182,000 in HY2021. This related to the profit tax in the PRC. The increase is mainly due to dividend declared from Shenzhen to Hong Kong during H2FY2022.

As a result of the above, the Group reported net profit of S\$205,000 in HY2022, as compared to net loss of S\$20,000 in HY2021.



## **5B. Review of the Group's Financial Position**

### **Current Assets**

Trade and other receivables decreased by S\$2.623 million, mainly due to there has been a decrease in number of short-term investment loan extended by Group to a third party. During HY2022 the Group has only made two loans to both NZ Nan Fang and Nan Fang SG. Although the loans have been terminated on 30<sup>th</sup> June 2022, the Group is confident that the loan amount will be fully refunded.

The Group has also engaged in forex trading during HY2022 and have placed a deposit of \$1.107 million with a third party agent and shall be refunded once the engagement with them has ended.

Cash and cash equivalents is increased from S\$2.263 million as at 31 December 2021 to S\$4.615 million at 30 June 2022. The increase mainly due to the forex trading investment, repayment of third-party loans back to the Group.

### **Current Liabilities**

Trade and other payables increased by S\$12,000, from S\$258,000 as at 31 December 2021 to S\$270,000 as at 30 June 2022. The increase is mainly due to increase of professional fees that were accrued during HY2022.

Current tax liabilities decreased by S\$201,000, from S\$201,000 as at 31 December 2021 to S\$Nil as at 30 June 2022. The decrease of tax liabilities mainly due to the full settlement of income tax payable in first year in PRC operations.

### **Right of Use Asset**

Right of use asset ("ROU") pertains to the IFRS adjustment for Shenzhen Kimsek Consultancy Management Ltd where same accounting policy has been applied as per the audited financial statement as at 31 December 2021. The effect in the balance sheet as following: 1) The decrease of net book value of ROU pertains to depreciation of S\$7,000 charged to profit and loss 2) Decrease S\$7,000 of current liabilities.

### **Working Capital**

The Group recorded a positive working capital of S\$5.74 million as at 30 June 2022, as compare to a positive working capital of S\$5.68 million as at 31 December 2021.

## **5C. Review of Cash Flow Statement**

Net cash generated from operating activities amount to S\$2.605 million in HY2022, due to operating cash inflows before working capital changes of S\$398,000, net cash generated for working capital of S2.992 million and income tax paid of S\$387,000.

Net cash flow used for financing activities amount of S\$271,000 in HY2022, mainly due to the net cash outflows of S\$264,000 in HY2022 relates to the remaining payment of loan from shareholder.

**6. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

There was no forecast or prospect statement previously disclosed to the shareholders.

**7. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The Group expects the investment business to contribute more part of the revenue during the year. The Company is presently exploring opportunities on possible partners to enhance the investment business revenue. The Company is still developing its business in Singapore, Macao, Hong Kong, New Zealand and Australia, the businesses included of property management, investment projects, etc. The Company knows that the risk, investment return, return cycle, sustainable development and other factors will directly affect the company's profits and shareholders' risks and interests. Therefore, the Company will and needs to carefully balance the advantages and disadvantages of all parties before making decisions. The Company will announce if there are any material updates or if definitive agreements have been signed, as and when necessary.

The Company has found a suitable candidate for Chief Financial Officer position. After the candidate has completed his resume, the Company will submit to the sponsor for an appointment interview. The Company will also make an announcement in accordance with the rules of the Exchange. The Company has been in contact with a number of accounting firms for the appointment of External Auditor, and has held discussions with several of them. In accordance with the regulations of the Exchange, the Company will hold an extraordinary general meeting for shareholders to approve the appointment. In view of the disclaimer of opinion brought up by the retired External Auditor, the Company is to appoint an independent reviewer, if necessary, to perform further review. The Company has taken the issues seriously and will be considering to appoint a more professional and senior firms to perform the review.

The Company has terminated the two consultant agreements with Nan Fang Singapore and NZ Nan Fang on 30 June 2022 and does not have any contracts currently, hence the Company may be deemed as cash company. The Board's view is that the Company will not be deemed as cash company as the Company is currently in the midst of negotiation for new contracts which is expected to execute in the near future. The Board will duly make such announcements on SGXnet when there are any new and material developments.

The Company is also actively looking for new investment for the Investment Business and has also commenced forex trading activities since 2021.

Further, the Board's view is that the Company's shares can continue to trade as the Company is committed to (1) appointment of Chief Financial Officer, (2) appointment of Independent Reviewer, (3) appointment of External Auditor, and (4) secure of new contracts. The Board confirms that, to the best of its knowledge and belief, all material disclosures, facts and information (including but not limited to disclosures pertaining to material operations and business of the Group, contracts, etc) have been disclosed and announced to enable orderly trading of the Company's shares to continue and the Board are not aware of any facts the omission of which would make any statement misleading. There is clarity of

state of affairs of the Group The directors will undertake for all material disclosures once there is any update.

## **8. Dividend Information**

**(a) Whether an interim (final) ordinary dividend has been declared (recommended); and**

No dividend has been declared or recommended for the current financial period.

**(b) Corresponding period of the immediately preceding financial year.**

No dividend has been declared or recommended for the corresponding period of the immediately preceding financial year.

**(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**

Not applicable.

**(d) The date the dividend is payable.**

Not applicable.

**(e) The date on which Registrable Transfers received by the company (up to 5.00 p.m.) will be registered before entitlements to the dividend are determined.**

No applicable.

## **9. If no dividend has been declared/recommended, a statement to the effect and the reason(s) for the decision.**

No dividend has been declared or recommended for the current financial period reported on 30 June 2022 as the Group intends to conserve its cash for growth in anticipation of an overall challenging business environment.

## **10. If the group has obtained a general mandate from shareholders for interested person transactions (“IPT”), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group has not obtained a general mandate from shareholders for interested person transactions

On 28 October 2021, the Group entered into an agreement with New Zealand Nan Fang Investment Limited to provide consultancy management services to NZ Nan Fang and its associate companies. The fees charged amounted to \$120,000 per quarter, starting from 1 November 2021. Sunrise Industrial had received the consultancy fee of S\$120,000 on 9 November 2021 but only S\$80,000 has been recorded as revenue in FY2021 and, this contributed to 13.86% of the reported revenue for FY2021. Revenue of S\$240,000 had been recorded as at

HY2022 and, this contributed to 29.7% of the reported revenue for HY2022. The loans given to NZ Nan Fang of US\$150,000 has been terminated and it would be refunded to the Group by September 2022.

On 8 December 2021, Sunrise Shares provided a loan of SGD1,300,000 to Nan Fang (Singapore) Investment Fund Management Pte Ltd. The loan period is 1 month and bears interest of SGD30,000 receivable at end of loan period. The loan was fully repaid on 14 January 2022. The size of the contract is significant, the investment returns is 23.37% compared to the Group's NTA as at 31 December 2021. The percentage on return on investment is 2.31%. The principal amount of the short-term loan (SGD1.3million) and interest is SGD6,000. Total investment amount and interest is SGD1,330,000, and 23.37% as compared to the NTA for 2021. The interest income as compared to the profit before tax for FY2021 is 1.27%.

On 23 December 2021, the Group entered into an agreement with Nan Fang Singapore to provide consultancy management services to Nan Fang Singapore and its associate companies. The fees charged amounted to \$80,000 per quarter, starting from 1 January 2022. Revenue of S\$160,000 had been recorded as at HY2022 and, this contributed to 19.8% of the reported revenue for HY2022.

The loans given to NZ Nan Fang of US\$150,000 has been terminated and it would be refunded to the Group by September 2022.

As of 26 December 2021, the Group has provided short-term investment loans totaling RMB13million to Shenzhen Xudao with a monthly interest rate of 3.0% for FY2021 with a term of two months (repayable on demand). The loan is secured against the client's property income and is repaid in full on 24 January 2022. The principal amount of the short-term loan (RMB13million) and interest of SGD60,000 is 47.16% as compared to the NTA for 2021. The interest income as compared to the profit before tax for FY2021 is 12.65%.

Based on the External Auditor's background search on Nan Fang (Singapore) Investment Fund Management Pte Ltd, New Zealand Nan Fang Investment Limited and Shenzhen Xudao Real Estate Limited, they are unable to satisfactorily assess and conclude whether the two agreements are a related party transaction and whether the loan agreements is entered into on normal commercial terms.

Save as disclosed and announced (in particular to the 5 issues raised by the retired External Auditor), the board is of the view on all the five issues and the additional two loans to NZ Nan Fang and Nan Fang SG of US\$150K each is that they are not related party transaction. The basis is that the Company have explained them in time and provided relevant information to support the explanation and justification. The business of the company is to provide consultation services for the other party. The company needs to have a certain understanding of the client company, but there is no related party transaction or any previous association of the directors. The Board believes that if the company does not know the client company at all, there might be a risk of affecting the benefit of the Company and its shareholders, further the trust between the two parties will be affected, which may affect the progress of cooperation between the two parties. There are no related party transactions except those already announced as related party transactions. The two businesses between the Company and the Ultimate Beneficiary of the counter parties are mutually beneficial and legal, and all the cooperation has achieved the company's goals and profits.

## **11. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1)**

The Company confirms that all the required undertakings under Rule 720(1) of the Catalist Rules have been obtained from all its directors and executive officers in the format set out in Appendix 7H of the Catalist Rules.

## **12. Negative Confirmation Pursuant to Rule 705(5) of the Listing Manual**

The Board of Directors of Sunrise Shares Holdings Ltd., hereby confirms that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited financial statements of SSSL for the period from 1 January 2022 to 30 June 2022 to be false or misleading in any material aspect.

### **On Behalf of the Board of Directors**

**Wong Siu Fai**  
**Executive Director and Chairman**

**Zheng Aimin**  
**Lead Independent Director**

**15 August 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*