

SUNRISE SHARES HOLDINGS LTD.

Incorporated in the Republic of Singapore
(Company Registration Number: 198201457Z)

**UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR HALF
YEAR ENDED 30 JUNE 2019**

This announcement has been prepared by Sunrise Shares Holdings LTD (the “Company”) and its contents have been reviewed by the Company’s sponsor, ZICO Capital Pte. Ltd. (the “Sponsor”), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Manual Section B: Rules of Catalist.

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.

PART 1 – INFORMATION REQUIRED FOR HALF YEAR RESULTS ANNOUNCEMENT

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Note	GROUP		
		6 months ended 30.06.2019 ("HY2019") S\$'000 (Unaudited)	6 months ended 30.06.2018 ("HY2018") S\$'000 (Restated)	Increase/ (Decrease) %
Continuing operations				
Revenue		937	3,021	(69)
Sales agent fee		-	(1,825)	(100)
Administrative expenses	1	(676)	(460)	47
Finance income, net		43	-	NM
Profit before tax		304	736	(59)
Tax expense		(217)	(266)	(18)
Profit for the period		87	470	(81)
Discontinuing operations				
Gain/(loss) from discontinuing operations, net of tax	2	85	(9)	NM
Profit for the period		172	461	(63)
Profit attributable to:-				
Owners of the Company		172	461	(63)
<u>Statement of Comprehensive Income</u>				
Profit for the period		172	461	(63)
Other comprehensive income				
Item that are or may be reclassified subsequently to profit or loss:				
Foreign currency translation difference arising from the translation of foreign operations				
- Continuing operations		31	15	107
- Discontinuing operations		-	70	(100)
Foreign currency translation difference arising from disposal of subsidiaries		1,067	-	NM
Other comprehensive income, net of tax		1,098	85	1,192
Total comprehensive income for the period		1,270	546	133
Total comprehensive income attributable to :-				
Owners of the Company		1,270	546	133

NM denotes not meaningful

1(a)(ii) Notes to Consolidated Statement of Profit or Loss

The Group's net profit was arrived after crediting / (charging) the following:

GROUP		
HY2019 S\$'000 (Unaudited)	HY2018 S\$'000 (Restated)	Increase/ (Decrease) %

1(a)(ii) Notes to the Income Statement

Note 1

Administrative expenses includes the following:-

1) Professional fees	(140)	(71)	97
2) Expenses in connection with the Disposal	(21)	-	NM
3) Staff costs and Directors fees	(317)	(289)	10
4) Others (office expense, travel and entertainment)	(198)	(100)	98

Note 2

Gain / (loss) from discontinuing operations includes the following:-

1) Exchange translation loss	(55)	-	NM
2) Operational gain / (loss)	140	(9)	NM

NM denotes not meaningful

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	GROUP		COMPANY	
	As at 30.06.2019 S\$'000 (Unaudited)	As at 31.12.2018 S\$'000 (Audited)	As at 30.06.2019 S\$'000 (Unaudited)	As at 31.12.2018 S\$'000 (Audited)
Assets				
Subsidiaries	-	-	337	2,137
Other receivables	143	1,406	-	-
Non-current assets	143	1,406	337	2,137
Trade and other receivables	1,030	450	670	270
Cash and cash equivalents	4,961	3,642	1,290	91
	5,991	4,092	1,960	361
Assets held for sale	-	3,698	-	-
Current assets	5,991	7,790	1,960	361
Total assets	6,134	9,196	2,297	2,498
Equity				
Share Capital	24,937	24,937	24,937	24,937
Reserves	(20,206)	(20,324)	(23,694)	(23,150)
Total equity	4,731	4,613	1,243	1,787
Liabilities				
Loan from shareholder	830	330	830	330
Trade and other payables	313	1,580	224	381
Current tax liabilities	260	775	-	-
	1,403	2,685	1,054	711
Liabilities directly associated with the assets held for sale	-	1,898	-	-
Current liabilities	1,403	4,583	1,054	711
Total liabilities	1,403	4,583	1,054	711
Total equity and liabilities	6,134	9,196	2,297	2,498

1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year

Amount repayable in one year or less, or on demand

As at 30 June 2019 (Unaudited)		As at 31 December 2018 (Audited)	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	830	-	330

Amount repayable after one year

As at 30 June 2019 (Unaudited)		As at 31 December 2018 (Audited)	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	-	-	-

Details of any collateral

Not applicable, as the Group's borrowings relate to loan from shareholder which is unsecured.

1(c) A statement of cash flows (for the group), together with a comparative statement, for the corresponding period of the immediately preceding financial year.

	HY2019 S\$'000 (Unaudited)	HY2018 S\$'000 (Restated)
<u>Cash Flows from Operating Activities</u>		
Profit before tax from the continuing operations	304	736
Profit before tax from the discontinuing operations	105	21
	<u>409</u>	<u>757</u>
Adjustments for :-		
Interest income	(43)	-
Gain from discontinuing operations	(105)	(21)
Operating cash flow before working capital changes	<u>261</u>	<u>736</u>
Change in working capital:		
Trade and other receivables	(223)	(1,267)
Inventories	-	-
Trade and other payables	(1,267)	1,087
Cash generated from operations	<u>(1,229)</u>	<u>556</u>
Income tax paid	(792)	-
Cash flows (used in)/from operating activities	<u>(2,021)</u>	<u>556</u>
<u>Cash Flows from Investing Activities</u>		
Interest received	43	-
Proceeds from disposal of subsidiaries	1,300	-
Receipt of repayment of loan due from third party	1,406	-
Cash flows from investing activities	<u>2,749</u>	<u>-</u>
<u>Cash Flows from Financing Activities</u>		
Loan from shareholder	500	-
Cash flows from financing activities	<u>500</u>	<u>-</u>
Net increase in cash and cash equivalents	1,228	556
Cash and cash equivalents at beginning of financial period	3,642	3,676
Cash from discontinuing operations	-	150
Effect of exchange rate changes on cash balances held in foreign currencies	91	32
Cash and cash equivalents at end of financial period	<u>4,961</u>	<u>4,414</u>
Represented by :-		
Cash at bank and in hand	4,961	3,573
Fixed deposits	-	841
	<u>4,961</u>	<u>4,414</u>

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Share Capital	Foreign currency translation reserve	Statutory reserves	Other reserves	Accumulated losses	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
GROUP (Unaudited)						
At 1 January 2019	24,937	(1,214)	301	77	(19,488)	4,613
Total comprehensive income						
Profit for the period	-	-	-	-	172	172
Other comprehensive income:						
Foreign currency translation differences arising from the translation of foreign operations	-	31	-	-	-	31
Foreign currency translation differences arising from disposal of subsidiaries	-	1,067	-	-	-	1,067
Total other comprehensive income, net of tax						
	-	1,098	-	-	172	1,270
Disposal of subsidiaries	-	-	-	(77)	(1,075)	(1,152)
At 30 June 2019	24,937	(116)	301	-	(20,391)	4,731

	Share Capital	Foreign currency translation reserve	Statutory reserves	Other reserves	Accumulated losses	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
GROUP (Unaudited)						
At 1 January 2018	24,937	(1,118)	87	77	(15,491)	8,492
Total comprehensive income						
Profit for the period	-	-	-	-	461	461
Other comprehensive loss:						
Foreign currency translation differences arising from the translation of foreign operations	-	85	-	-	-	85
Total comprehensive income, net of tax						
	-	85	-	-	461	546
At 30 June 2018	24,937	(1,033)	87	77	(15,030)	9,038

COMPANY (Unaudited)	Share Capital	Accumulated losses	Total
	S\$'000	S\$'000	S\$'000
At 1 January 2019	24,937	(23,150)	1,787
Loss for the period/representing total comprehensive loss for the period	-	(544)	(544)
At 30 June 2019	24,937	(23,694)	1,243
At 1 January 2018	24,937	(17,017)	7,920
Loss for the period/representing total comprehensive loss for the period	-	(322)	(322)
At 30 June 2018	24,937	(17,339)	7,598

1(d)(ii) Details of any changes in the company's share capital arising from rights issues, bonus issues, share buy-backs, exercises of share options or warrants, conversion of other issues of equity securities, issues of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Issued share capital	Number of shares	Share capital (S\$'000)
As at 31 December 2018 and 30 June 2019	178,337,290	24,937

There was no change in the Company's share capital since the last reported financial period.

The Company does not have any outstanding convertibles, treasury shares and subsidiary holdings as at 30 June 2019 and 30 June 2018.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of current financial period and as at the end of the immediately preceding year.

	As at 30 June 2019	As at 31 December 2018
Total number of issued shares excluding treasury shares	178,337,290	178,337,290

1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and /or use of treasury shares as at the end of the current financial period reported on.

Not applicable. The Company did not have any treasury shares during and as at the end of the current financial period reported on.

1(d)(v) A statement showing all sales, transfers, disposals, cancellation and /or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. The Company did not have any subsidiary holdings during and as at the end of the current financial period reported on.

2. 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 by the auditors of the Company.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not applicable.

4. 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 5 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 2018.

5. 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 periods beginning on or after 1 January 2019.

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.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:-

	GROUP	
	HY2019	HY2018
Profit/(Loss) for the period from:		
- Continuing operations (S\$'000)	87	470
- Discontinued operations (S\$'000)	85	(9)
Weighted average number of shares	178,337,290	178,337,290
Basic earnings/(loss) per share from:		
- Continuing operations (Singapore cents)	0.05	0.26
- Discontinued operations (Singapore cents)	0.05	(0.005)

Diluted earnings/(loss) per share from:

- Continuing operations (Singapore cents)	0.05	0.26
- Discontinued operations (Singapore cents)	0.05	(0.005)

The Group does not have any preferred, convertible, option, warrants or other dilutive shares in HY2019 and HY2018.

7. 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:-

- (a) Current financial period reported on; and
(b) Immediately preceding financial year.**

GROUP		COMPANY	
30.06.2019	31.12.2018	30.06.2019	31.12.2018
Singapore cents	Singapore cents	Singapore cents	Singapore cents
2.65	2.59	0.70	1.00

The net asset value per ordinary share is calculated based on the Company's issued share capital of 178,337,290 ordinary shares as at 30 June 2019 and 31 December 2018, respectively.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

(A) REVIEW OF THE GROUP'S PERFORMANCE

On 18 June 2019, the Company completed the disposal of the entire issued and paid-up share capital of ITE Electric Systems Co Pte. Ltd., Electech Distribution Systems Sdn. Bhd., Electech Manufacturing Sdn. Bhd., and ITE Lumens Pte. Ltd. (the "**Disposal Group**") ("**Disposal**"). Accordingly, the financial results of the Disposal Group had been recorded by the Group as discontinuing operations in HY2019 and HY2018. Subsequent to the Disposal, the Group's business comprises primarily property consultancy and property management in China, representing the continuing operations in HY2019 and HY2018.

Revenue from continuing operations decreased by 69% or S\$2.1 million, from S\$3.0 million in HY2018 to S\$0.9 million in HY2019, mainly due to the completion of one of the property consultancy contracts during the financial year ended 31 December 2018 ("**FY2018**"). The Group did not enter into any new property consultancy contracts in HY2019.

Sales agent fees of S\$1.8 million in HY2018 relates to the fees paid to sales agent engaged for the property consultancy contract in HY2018. The contract was completed in FY2018, and accordingly no sales agent fee was incurred in HY2019.

Administrative expenses increased by 47% or S\$0.2 million, from S\$0.5 million in HY2018 to S\$0.7 million in HY2019. This was mainly due to (i) increase in professional fees of S\$0.07

million incurred largely in connection with the Disposal (such as legal fees and third-party consultancy fees); (ii) other expenses of S\$0.02 million in connection with the extraordinary general meeting in respect of the Disposal (such as printing of circulars to shareholders and other related expenses); and (iii) increase in general office expenses, travel and entertainment expenses, of S\$0.1 million.

Finance income of S\$43,000 in HY2019 (HY2018: Nil) relates to interest earned from money placed in fixed deposit in bank.

Tax expense amounted to S\$217,000 in HY2019, as compared to S\$266,000 in HY2018. This relates to the profit tax in the PRC.

Gain from discontinued operations (net of tax) of S\$85,000 in HY2019 (HY2018: loss of S\$9,000) relate to operation gains of S\$140,000, partially offset by exchange translation loss on the Disposal of S\$55,000.

As a result of the above, the Group reported net profit of S\$172,000 in HY2019, as compared to net profit of S\$461,000 in HY2018.

(B) REVIEW OF THE GROUP'S FINANCIAL POSITION

(i) Non-Current Assets

Other receivables decreased by S\$1.3 million, from S\$1.4 million as at 31 December 2018 to S\$0.1 million as at 30 June 2019, mainly due to the receipt of full settlement of loan extended by the Group to a third party (namely, Hebei Mucun Construction Company) of S\$1.4 million as at 30 June 2019. The decrease was partially offset by the prepaid expenses in respect of the property consultancy segment, such as professional fees.

(ii) Current Asset

Trade and other receivables increased by S\$0.5 million, from S\$0.5 million as at 31 December 2018 to S\$1.0 million as at 30 June 2019, mainly due to an increase in receivables for services provided by the property consultancy segment.

Cash and cash equivalents increased from S\$3.6 million as at 31 December 2018 to S\$5.0 million as at 30 June 2019. Please refer the section entitled "Review of Cash Flow Statement " below for details of the increase.

Assets held for sale of S\$3.7 million as at 31 December 2018 relate to the assets of the Disposal Group, including the impairment loss recognized of S\$4.6 million. The Disposal was completed on 18 June 2019. Please refer to the Company's announcements on 18 June 2019 and 15 July 2019 for further information.

(iii) Current Liabilities

Loan from shareholder increased from S\$0.3 million as at 31 December 2018 to S\$0.8 million as at 30 June 2019. It relates to a loan provided by the controlling shareholder of the Company, Mr Wong Siu Fai, to the Group, which bears an interest of 1.2% per annum. The loan was fully repaid as at the date of this announcement.

Trade and other payables decreased by S\$1.3 million, from S\$1.6 million as at 31 December 2018 to S\$0.3 million as at 30 June 2019. This decrease was mainly due to the settlement of sales agent fee payable under the property management segment.

Current tax liabilities decreased by S\$0.5 million, from S\$0.8 million as at 31 December 2018 to S\$0.3 million as at 30 June 2019, mainly due to the settlement of the tax payable balance.

Liabilities directly associated with the assets held for sale of S\$1.9 million comprised the liabilities of the Disposal Group. The disposal was completed on 18 June 2019.

(iv) Working Capital

The Group recorded a positive working capital of S\$4.6 million as at 30 June 2019, as compared to a positive working capital of S\$1.4 million as at 31 December 2018 (excluding assets held for sale and liabilities directly associated with the assets held for sale).

(C) REVIEW OF CASH FLOW STATEMENT

Net cash used in operating activities amounted to S\$2.0 million in HY2019, due to operating cash inflows before working capital changes of S\$0.3 million, net cash used for working capital of S\$1.5 million and income tax paid of S\$0.8 million. Net cash used for working capital was due to decrease in trade and other receivables of S\$0.2 million, and decrease in trade and other payables of S\$1.3 million.

Net cash from investing activities amounted to S\$2.7 million in HY2019, mainly due to the receipt of proceeds of the Disposal of S\$1.3 million, as well as the receipt of the loan extended by the Group to a third party (namely, Hebei Mucun Construction Company) of S\$1.4 million.

Net cash from financing activities of S\$0.5 million in HY2019 relates to the loan from the controlling shareholder of the Company, Mr Wong Siu Fai. This loan has been fully repaid by the Group as at the date of this announcement.

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

Not applicable. No forecast or prospect statement has been previously disclosed to shareholders.

10. 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.

Following the completion of the Disposal in June 2019, the Group's principal business is primarily property consultancy and property management in China. The Group's business in China has been affected by the tightening of policies, regulations and market environment in China governing the property segment. Consequently, as at the date of this announcement, the Group terminated its property consultancy management service contracts, and is currently exploring other opportunities in property consultancy and management within and outside China. The Group is also working with the existing clients to seek for other possible business opportunities.

In June 2019, the Company obtained its shareholders' approval to diversify into investment business. Please refer to the circular to shareholders dated 27 May 2019 for further information. The Company is currently in the process of setting up an investment committee to manage the investment business, and will update shareholders accordingly, where necessary.

In view of the uncertainties brought about by the Sino-US trade wars and other events in the global economic environment, as well as the challenges faced by the real estate industry in China and abroad, the Group will continue to take a more cautious and safe attitude in exploring new business opportunities.

11. Dividend

(a) Any dividend recommended/declared for the current financial period reported on?

Nil.

(b) Any dividend recommended/declared for the corresponding period of the immediately preceding financial year?

Nil.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. 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 2019 as the Group intends to conserve its cash for growth in anticipation of an overall challenging business environment.

13. 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.

14. 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.

15. Negative confirmation by the board pursuant to Rule 705(5)

The board of directors of the Company confirm that, to the best of their knowledge, nothing has come to their attention which may render the unaudited financial results for the financial period ended 30 June 2019 of the Group to be false or misleading in any material aspect.

16. Use of proceeds

(A) Proceeds from placement exercise in March 2017

The Company had, on 24 March 2017, completed a placement exercise and allotted and issued 41,000,000 new ordinary shares in the capital of the Company to 20 subscribers at the issue price of S\$0.0468 per share representing gross proceeds of approximately S\$1.92 million ("**Proceeds**"). As at the date of this report, the Proceeds had been fully utilised as follows:

	Amount (S\$ million)
Proceeds	1.92
Less:	
Professional service fees	0.84
General working capital ⁽¹⁾	1.08
Balance	-

Note:

(1) Comprised directors' remuneration, staff costs and bank charges.

(B) Proceeds from the Disposal

The Company had, on 18 June 2019, completed the Disposal and received net proceeds from the Disposal of S\$1.8 million ("**Proceeds from Disposal**"). As at the date of this report, the Proceeds from Disposal has been partially utilised as follows:

	Amount (S\$ million)
Proceeds from Disposal	1.80
Less:	
Repayment of shareholder loan	0.83
Balance	0.97

BY ORDER OF THE BOARD

Zhang Zhi Liang
Executive Director and Chief Executive Officer

14 August 2019