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SUNRISE

SUNRISE SHARES

HOLDINGS LTD.

ANNUAL REPORT 2016

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This annual report has been reviewed by the Company's Sponsor, RHT Capital Pte. Ltd., for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Company's Sponsor has not independently verified the contents of this annual report. This annual report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made or reports contained in this annual report.

The contact person for the Sponsor is Mr. Mah How Soon, Registered Professional, RHT Capital Pte. Ltd., Six Battery Road, #10-01, Singapore 049909, telephone (65) 6381 6757.

CORPORATE INFORMATION

Board of Directors:

Zhang Zhi Liang (Executive Director and Chief Executive Officer)

Ng Clarence Kar Lung (Executive Director)

Chew Vincent (Non-Executive Director)

Zheng Aimin (Independent Director)

Tang An (Independent Director)

Audit Committee:

Tang An (Chairman)

Zheng Aimin

Chew Vincent

Nominating Committee:

Zheng Aimin (Chairman)

Ng Clarence Kar Lung

Tang An

Remuneration Committee:

Zheng Aimin (Chairman)

Chew Vincent

Tang An

Company Secretary:

Shirley Tan Sey Liy (ACIS)

Principal Activities of the Group:

Electrical Trading:

Trading and distributors of electrical products.

Electrical Manufacturing:

Manufacturing and Assembling of

Electrical distribution and control equipment.

Auditors:

KPMG LLP

Public Accountants and Chartered Accountants, Singapore

(Appointed with effect from 31 October 1988)

16 Raffles Quay, #22-00

Hong Leong Building

Singapore 048581

Partner in charge:

Mr Loo Kwok Chiang Adrian

(With effect from financial year beginning

1 January 2015)

Bankers:

United Overseas Bank Limited

RHB Bank Berhad

CIMB Bank Berhad

DBS Bank Ltd

Shanghai Pudong Development Bank

Registered Office:

Six Battery Road, #10-01

Singapore 049909

Mailing Address:

F19-G, Kings Wing Plaza 1

No. 3 On Kwan Street, Shek Mun, Shatin

N.T., Hong Kong

Tel: (852) 3792-0318

Fax: (852) 3620-3326

Email: SunriseShares@126.com

Share Registrar:

RHT Corporate Advisory Pte. Ltd.

9 Raffles Place, #29-01

Republic Plaza Tower 1

Singapore 048619

Listing Information:

Share Listing:

Singapore Exchange Ltd.

Stock Code: 581

Sponsor:

RHT Capital Pte. Ltd.

Six Battery Road, #10-01

Singapore 049909

LETTER TO SHAREHOLDERS

The Board of Directors at Sunrise Shares Holdings Ltd. (the "Company") and its subsidiaries (the "Group") are pleased to present to you the Annual Report and the Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2016 ("FY2016").

PERFORMANCE REVIEW

The Singapore economy expanded by 1.7% in 2016, slower than the 2.0% growth achieved in 2015, largely as a result of soft demand for exports. Amid a sluggish global economy and weak growth in Singapore's manufacturing sector, the manufacturing sector's growth contracted from 5.1% in 2015 to 3.6% in 2016, while the services-producing industries grew by 1.0% in 2016, lower than the 3.2% growth in 2015. Concurrently, the construction sector which the Group is dependent on contracted by 0.2% to 3.7% in 2016, mainly due to a lower volume of private industrial and residential building activities.

In line with the challenging business environment, the Group reported a lower turnover of S\$12.1 million in FY2016 as compared to S\$15.8 million reported in FY2015, which translated to a decrease of 23% or S\$3.7 million. The decrease was mainly due to lower sales recorded by the Electrical Trading segment in Singapore as a result of weak performance in the construction sector and slower growth in the Singapore economy.

Other expenses decreased from S\$2.1 million in FY2015 to S\$1.7 million in FY2016, a decrease of 19% or S\$0.4 million. The decrease was mainly caused by the decline in allowance for inventory obsolescence by S\$144,000 from S\$172,000 in FY2015 to S\$28,000 in FY2016.

As a result of the above, the Group reported a loss before tax of S\$297,000 in FY2016 as compared to a profit before tax of S\$12,000 in FY2015. After taking into account income tax expenses of S\$77,000, the Group reported a net loss of S\$374,000 in FY2016 as compared to a net loss of S\$20,000 in FY2015.

DIVIDENDS

In view of the losses incurred during the year, the Board is not recommending a dividend for FY2016.

DIVERSIFICATION OF BUSINESS

In view of deteriorating business conditions in the electrical industry, the Group plans to diversify its current core business to include other areas of interest comprising operation and management of property development, hospitality operation and services, as well as fund management.

As part of our diversification plans, we have also changed our name from "ITE Electric Co Ltd" to "Sunrise Shares Holdings Ltd." in early 2017. We believe that our strategy to diversify our business will enable us to stay resilient in the face of these challenges to emerge even stronger.

OUTLOOK

The Singapore economy is forecasted to grow by 1% to 3% in 2017 although growth in the construction sector may continue to slow down further in 2017.

The Group expects business conditions to remain challenging as uncertainty prevails in the global economy. Nevertheless, we will continue with our business expansion plans through developing our customer base and enhancing our product range, as we work towards boosting our earnings in the following year.

APPRECIATION

The Board would like to express our gratitude to our management and staff for their dedicated commitment towards the Group during these challenging times. We would also like to extend our appreciation to our customers and business partners for their staunch faith and support over the years. Finally, we would like to thank our shareholders who believe in us. We look forward to continuing on this journey with everyone as we work towards creating greater value for all.

RISK MANAGEMENT

The following lists out information on the risk management policies and processes of the Group:

The Group has identified the key types of risks to be as follows:

OPERATIONAL RISK

The Group is principally involved in Electrical Trading in Singapore. This is subjected to operating risks that are common to the construction and property industries. Therefore, a downturn in the construction and property industries, especially in the construction of new buildings and reduction in supply of properties, may result in the reduction of sales volumes and the erosion of profit margins. Such a downturn may also result in an increase in bad debts. To mitigate its dependence on the Singapore construction and property industries, the Group is actively seeking to expand its Electrical Trading business into other countries. In addition, the Group is also looking at increasing the level of sales in Malaysia and becoming a provider of solution-based activities.

Where its Electrical Trading business is concerned, the Group serves as an agent/distributor of products of its principals. Any loss of the major agencies or distributorships could have a material impact on the

Group's earnings. However, the Group has built sound and long-standing relationships with most of its principals as these agencies have been collaborating with the Group for more than ten years.

Additionally, there are also inherent risks in doing business overseas, such as unexpected changes in regulatory requirements, manpower shortages, managing foreign operations, social and political instability, fluctuations in currency exchange and interest rates, variable and unexpected changes in local laws, as well as barriers to the repatriation of capital or profits, any of which could materially affect the Group's overseas operations and consequently the Group's business, results of operations and financial condition.

FINANCIAL RISK

The Group is exposed to various financial risks, including credit, interest rate and currency risks arising from the normal course of its business. The management of financial risk is outlined in Note 24 to the Financial Statements in the Annual Report 2016.

FINANCIAL REVIEW

REVENUE AND PROFIT

The Group posted revenue of S\$12.1 million in the current financial year ("FY2016"), which was S\$3.7 million or 23% lower than the S\$15.8 million reported in the previous financial year ("FY2015"). The decrease was mainly due to lower sales recorded by the Electrical Trading segment in Singapore as a result of the falling demand for construction and slower growth in the Singapore economy. Despite this, the Group's gross profit margin rose slightly from 25% in FY2015 to 26% in FY2016.

Other income decreased by S\$95,000 from S\$564,000 in FY2015 to S\$469,000 in FY2016, mainly due to a decrease in received rebates.

Concurrently, staff costs remained at S\$2.2 million in FY2016 with a slight dip of S\$0.1 million from S\$2.3 million in FY2015.

Separately, other expenses declined from S\$2.1 million in FY2015 to S\$1.7 million in FY2016, which translated to a 19% or S\$0.4 million drop. The reduction was mainly due to the absence of the loss on foreign exchange amounting to approximately S\$103,000, and drop in allowances for inventory obsolescence amounting to approximately S\$144,000 in FY2016. The decrease was also due to a reduction in miscellaneous expense by S\$267,000 from S\$724,000 in FY2015 to S\$457,000 during the reporting year.

As a result of the above, the Group reported a loss before tax of S\$297,000 in the current year as compared to a profit before tax of S\$12,000 in the previous year. After taking into account income tax expenses of S\$77,000, the Group reported a net loss of S\$374,000 in FY2016 as compared to a net loss of S\$20,000 in FY2015. Loss per share for FY2016 was 0.27 cents against loss per share of 0.01 cent in FY2015.

The Group's core business of Electrical Trading in Singapore and Malaysia recorded a segment loss before tax of S\$79,000 in FY2016 as compared to a segment loss before tax of S\$40,000 in FY2015 due to

lower sales orders from some of its major customers in the Singapore construction sector in FY2016. However, the Electrical Manufacturing segment managed to report a profit before tax of S\$16,000 for FY2016 as compared to a profit before tax of S\$34,000 for FY2015.

ASSETS

The Group's total assets decreased by S\$0.8 million from S\$9.3 million as at 31 December 2015 against S\$8.5 million as at 31 December 2016. The decrease was mainly due to a reduction in trade and other receivables, as well as fewer inventories led by lower stock level. On the other hand, property, plant and equipment increased slightly by S\$8,000.

The Group had a positive working capital of S\$6.3 million as at 31 December 2016, a decrease of S\$0.4 million as compared to the positive working capital position of S\$6.7 million reported as at 31 December 2015.

The Group reported a net increase in cash and cash equivalents of S\$0.6 million for FY2016, mainly from cash generated from operating activities.

BORROWINGS

The Group's total borrowings have increased S\$0.1 million from S\$0.2 million as at 31 December 2015 to S\$0.3 million as at 31 December 2016. This was contributed by a S\$0.3 million unsecured, interest-free loan which the Group secured from a shareholder and used for settling all other loans and borrowings. The Group's gearing ratio as at 31 December 2016 was 0.05 times as compared to 0.03 times in the year before.

SHAREHOLDERS' FUNDS

As at 31 December 2016, shareholders' funds stood at S\$6.6 million as compared to S\$7.0 million as at 31 December 2015. The decrease was mainly due to operating loss during the year. Meanwhile, net asset value per share as at 31 December 2016 was 4.78 cents against 5.09 cents as at 31 December 2015.

OPERATION REVIEW

OPERATION REVIEW

Geographically, Singapore remains as our single largest revenue contributor as it accounted for 72% of the Group's total sales, while Malaysia accounted for 27%. The remaining 1% of the Group's revenue was contributed by export sales to other Asian countries.

ELECTRICAL TRADING

In FY2016, the Electrical Trading division reported a total turnover of S\$12.0 million, which translated to a decrease of S\$3.7 million or 24% as compared to S\$15.7 million in FY2015. This was mainly due to lower sales from ITE Electrical Systems Co. Pte. Ltd. ("ITEES") as a result of lower sales orders from some of its major customers in the construction sector. As such, the division reported a higher segment loss before tax of S\$79,000 for FY2016 as compared to a segment loss before tax of S\$40,000 reported in FY2015.

ELECTRICAL MANUFACTURING

With businesses within the Group's Electrical Manufacturing division being carried out by its wholly-owned subsidiary, Electech Manufacturing Sdn Bhd ("EMS"), 89% of the division sales were contributed by ITEES in the Singapore market and Electech Distribution Systems Sdn Bhd ("EDSM") in the Malaysia market, while sales to external customers accounted for 11% of the segment sales.

Overall, the division reported a decrease of S\$67,000 or 7% in turnover during the year against S\$935,000 in the previous year. This decrease was mainly due to lower sales by ITEES and EDSM. Correspondingly, the division registered a segment profit before tax of S\$16,000 in FY2016 as compared to a segment profit before tax of S\$34,000 in FY2015.

FINANCIAL HIGHLIGHTS

For the Year	2016 \$'000	2015 \$'000	% Change
REVENUE			
1st half	6,333	8,501	(26%)
2nd half	5,767	7,289	(21%)
Total	12,100	15,790	(23%)
(LOSS)/PROFIT AFTER TAX			
1st half	(66)	34	(294%)
2nd half	(308)	(54)	470%
Total	(374)	(20)	1,770%
Equity			
Share capital	23,018	23,018	—
Reserves	(16,459)	(16,026)	3%
Shareholders' funds	6,559	6,992	(6%)
Total Equity	6,559	6,992	(6%)
Borrowings	330	203	63%
Total Assets	8,544	9,301	(8%)
Financial Ratios			
Loss per share (cents)			
Basic and diluted	(0.27)	(0.01)	2,600%
Net asset value per share (cents)	4.78	5.09	(6%)
Total debts to total equity	0.05	0.03	67%

FIVE-YEAR FINANCIAL SUMMARY

	2016 \$'000	2015 \$'000	2014 \$'000	2013 \$'000	2012 \$'000
Financial Results					
Revenue	12,100	15,790	20,540	20,266	18,718
(Loss)/Profit before interest and tax	(317)	47	(255)	(8,015)	(364)
Interest income	28	31	31	38	39
Finance costs	(8)	(66)	(123)	(114)	(109)
(Loss)/Profit before tax	(297)	12	(347)	(8,091)	(434)
Taxation	(77)	(32)	(124)	(89)	(46)
Loss for the year	(374)	(20)	(471)	(8,180)	(480)
Financial Position					
Non-current assets	252	246	331	1,794	17,489
Current assets	8,292	9,055	12,010	12,673	12,106
Total assets	8,544	9,301	12,341	14,467	29,595
Borrowings	(330)	(203)	(1,941)	(1,938)	(1,687)
Other liabilities and non-controlling interests	(1,655)	(2,106)	(3,048)	(4,636)	(4,311)
Total Net Assets	6,559	6,992	7,352	7,893	23,597
Share capital	23,018	23,018	23,018	23,018	23,018
Reserves	(16,459)	(16,026)	(15,666)	(15,125)	579
Shareholders' funds	6,559	6,992	7,352	7,893	23,597
Financial Ratios					
Loss per share (cents)	(0.27)	(0.01)	(0.33)	(5.93)	(0.34)
Net asset value per share (cents)	4.78	5.09	5.35	5.75	17.18
Total borrowings to shareholders' funds	0.05	0.03	0.26	0.25	0.07

CORPORATE GOVERNANCE REPORT

Sunrise Shares Holdings Ltd. (formerly known as ITE Electric Co Ltd) (the “**Company**”) and its subsidiaries (the “**Group**”) is committed to maintaining a high standard of corporate governance and transparency within the Company in the spirit of the Code of Corporate Governance 2012 (the “**Code**”). In line with the commitment by the Company to maintaining high standards of corporate governance, the Company has been regularly reviewing its corporate governance processes to strive to fully comply with the Code.

This report describes the Company’s corporate governance processes and activities for the financial year ended 31 December 2016 (“**FY2016**”) and up to the date of this report. The Company has complied with the principles of the Code where appropriate and where there are deviations from the Code, explanations have been provided in the Annual Report.

(A) BOARD MATTERS

Board’s Conduct of its Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the success of the company. The Board works with the management to achieve this and the management remains accountable to the Board.

The Board of Directors (the “**Board**”) is responsible for setting the strategic direction for the Company. The Board works collectively with the management to achieve the above. Every Director objectively discharge his duties and responsibilities and is expected to act in good faith and always in the best interests of the Company.

The Board is entrusted with the responsibility for the overall management of the Company. The Board’s primary responsibilities include the review and approval of policy guidelines, setting of direction to ensure that the strategies undertaken lead to enhanced shareholders’ wealth.

The principal functions of the Board are:

- to provide entrepreneurial leadership and approve the Board’s policies and set strategic objectives of the Company and monitor the performance of management;
- to ensure that necessary financial and human resources are in place for the Company to meet its objectives;
- to oversee the processes for evaluating the adequacy of internal controls, financial reporting and compliance;
- to approve the change of Directors and key management personnel of the Company;
- to assume responsibility for corporate governance; and
- to set the Company’s values and standards, and ensure that obligations to shareholders are understood and met.

The Board also monitors and evaluates the Group’s operations and financial performance, sets targets and goals, works with and monitors the management in achieving such targets and goals.

To facilitate effective management, the Board has delegated certain specific responsibilities to three Board Committees, namely the Audit Committee (“**AC**”), Nominating Committee (“**NC**”) and Remuneration Committee (“**RC**”) (collectively, “**Board Committees**”) each of which has its own written terms of reference which are reviewed on a regular basis. The Board accepts that while these Board Committees have the authority to examine particular issues and will report back to the Board with their decisions and recommendations, the ultimate responsibility for the final decision on all matters lies with the entire Board.

In line with the recent changes of the Companies Act, Chapter 50 (“**Companies Act**”), all references to the Memorandum and Articles of Association will be superseded with Constitution and Regulation.

CORPORATE GOVERNANCE REPORT

The Board meets regularly and ad-hoc meetings are convened as warranted by particular circumstances as deemed appropriate by the Board members. The Company's Constitution allows a Board meeting to be conducted by way of tele-conference and video conference. The number of Board and Board Committee meetings held and attended by each Director for FY2016 are as follows:

Meeting of:	Board 2	AC 2	NC 1	RC 1
Total held for FY2016	No. of meetings attended	No. of meetings attended	No. of meetings attended	No. of meetings attended
Mr Zhang Zhi Liang ⁽¹⁾	1	1*	1*	1*
Mr Ng Clarence Kar Lung ⁽²⁾	1	1*	1	1*
Mr Chew Vincent ⁽³⁾	1	1	1*	1
Mr Zheng Aimin ⁽⁴⁾	1	1	1	1
Mr Tang An ⁽⁵⁾	1	1	1	1
Mr Wong Ming Kwong ⁽⁶⁾	1	1	—	—
Mr Aw Cheok Huat ⁽⁷⁾	1	1	—	—
Mr Seow Hang Chiang Winston ⁽⁸⁾	1	1	—	—
Ms Koh Yoke Har ⁽⁹⁾	1	1	—	—

* By invitation

Notes:

- (1) Mr Zhang Zhi Liang was appointed to the Board with effect from 9 September 2016.
- (2) Mr Ng Clarence Kar Lung was appointed to the Board with effect from 9 September 2016.
- (3) Mr Chew Vincent was appointed to the Board with effect from 9 September 2016.
- (4) Mr Zheng Aimin was appointed to the Board with effect from 9 September 2016.
- (5) Mr Tang An was appointed to the Board with effect from 9 September 2016.
- (6) Mr Wong Ming Kwong resigned from the Board with effect from 30 September 2016.
- (7) Mr Aw Cheok Huat resigned from the Board with effect from 9 September 2016.
- (8) Mr Seow Hang Chiang Winston resigned from the Board with effect from 9 September 2016.
- (9) Ms Koh Yoke Har resigned from the Board with effect from 9 September 2016.

The following matters require the Board's approval and the Board and the relevant Board Committees are guided by their respective terms of references and operating procedures which are reviewed from time to time:

- Statutory requirements such as approval of financial statements;
- Other requirements such as half year and full year financial results announcements;
- Corporate strategic direction, strategies and action plans;
- Issuance of policies and key business initiatives;
- The Group's policies, strategies, financial objectives and monitoring of the performance of management;
- Processes for evaluating the adequacy of internal controls, risk management and compliance;
- The appointment and removal of the Company Secretary, internal and external auditors and key management staff;
- Acquisition/disposal proposal, annual budgets, major funding proposals and other material transactions;
- Declaration of interim dividends and proposal of final dividends; and
- Convening of shareholders' meetings.

The Board ensures such terms and references and operating procedures have been disseminated and the management is aware of such terms, operating procedures and the matters requiring the Board's approval.

The Directors are also updated regularly with changes to the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist ("Catalist Rules"), risk management, corporate governance, insider trading and the key changes in the relevant regulatory requirements and financial reporting standards and the relevant laws and regulations to facilitate effective discharge of their fiduciary duties as Board or Board Committee members.

CORPORATE GOVERNANCE REPORT

New releases issued by the SGX-ST and Accounting and Corporate Regulatory Authority (“ACRA”) which are relevant to the Directors are circulated to the Board. The Company Secretary informs the Directors of upcoming conferences and seminars relevant to their roles as Directors of the Company. Annually, the external auditors update the AC and the Board on the new and revised financial reporting standards that are applicable to the Company or the Group.

Five new Directors were appointed by the Company during FY2016. The Company conducts comprehensive orientation programs for new Directors to familiarise them with the Company’s structure and organisation, businesses and governance policies. The aim of the orientation program is to give Directors a better understanding of the Company’s businesses and allow them to assimilate into their new roles. All Directors who have no prior experience as director of a listed company will undergo intensive training and briefing on the roles and responsibilities as directors of a listed company. The cost for attending such trainings will be borne by the Company.

During FY2016, the Company had arranged the training conducted by RSM Risk Advisory Pte. Ltd. for the Directors which included the following:

- a. The duties and responsibilities of Directors;
- b. Continuing listing and disclosure obligations under the Catalist Rules;
- c. Code of Corporate Governance;
- d. The Singapore Code on Take-over and Mergers; and
- e. Sustainability reporting.

The Company had also arranged a Sponsor’s briefing conducted by RHT Capital Pte. Ltd., to highlight the disclosure requirements for various transactions to the Directors.

New Directors are also informed about matters such as the Code of Dealing in the Company’s shares. Changes to regulations and accounting standards are monitored closely by the management. To keep pace with such regulatory changes, the Company provides opportunities for ongoing education trainings on the Board’s processes and best practices as well as updates on changes in legislation and financial reporting standards, regulations and guidelines from SGX-ST that affect the Company and/or the Directors in discharging their duties.

The Company has adopted a policy where Directors are encouraged to make enquiries on any aspects of the Company’s operations or business issues from the management. The Chief Executive Officer (“CEO”) or the Company Secretary will make the necessary arrangements for the briefings, informal discussions or explanations required.

Directors also have the opportunity to visit the Group’s operational facilities and meet with the management to gain a better understanding of the Group’s business operations.

A formal letter of appointment would be furnished to every newly-appointed Director upon his appointment explaining, among other matters, his role, obligations, duties and responsibilities as a member of the Board.

Board Composition and Guidance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board’s decision making.

Presently, the Board comprises five Directors, two of whom are independent and one of whom is non-executive and whose collective experience and contributions are valuable to the Company. There is a strong and independent element on the Board with Independent Directors making up at least one-third of the Board.

CORPORATE GOVERNANCE REPORT

The Board members as at the date of this report are:

Name of Directors	Board	AC	NC	RC
Zhang Zhi Liang	Executive Director and CEO	–	–	–
Ng Clarence Kar Lung	Executive Director	–	Member	–
Chew Vincent	Non-Executive Director	Member	–	Member
Zheng Aimin	Independent Director	Member	Chairman	Chairman
Tang An	Independent Director	Chairman	Member	Member

Independent Directors

The Board considers an Independent Director as one who has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgment of the Group's affairs. The Board has sought and obtained written confirmation from each of the Independent Directors that none of them has any relationship (in business or otherwise) with the Company, its subsidiaries, related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgement in the best interests of the Company. The NC had reviewed the independence of each Independent Director and is satisfied that the Independent Directors have met with the criterion of independence as set forth and each of them has the ability to act independently. The independence of the Independent Directors will be reviewed annually by the NC based on the guidelines given in the Code.

There is no Independent Director who has served on the Board beyond nine years from the date of his first appointment.

The Board recognises the contribution of both Independent Directors who over time, have developed deep insights into the Group's businesses and operations and who are therefore able to provide valuable contributions to the Group.

The Board has examined its size and is of the view that the current arrangement is adequate and able to meet the Company's existing scope of needs, nature of the operations and facilitate effective decision making given that the Independent Directors form at least one-third of the Board's composition. From time to time, the Board will review the appropriateness of the current Board size. As the Company has no Chairman presently, it is not necessary for the Company to have Independent Directors make up at least half of the Board. Nonetheless, the Company will consider suitable candidates to join the Board as Independent Director as and when it deems fit. The Independent Directors are respected individuals from different backgrounds whose core competencies, qualifications, skills and experience are extensive and complementary. The Board comprises individuals who have experience in accounting, finance, legal, business, management, industry knowledge and strategic planning experience. The NC is of the view that the current Board comprises persons who as a group provide capabilities required for the Board to be effective. Please refer to page 24 for details of the qualifications and experience of the Directors.

To assist the Directors in understanding the Group's businesses, operations and management, Directors meet with the key personnel and management of the Group from time to time.

The Non-Executive and Independent Directors participate actively during Board meetings. The Company has benefited from management's access to Directors for guidance and exchange of views both within and outside of the meetings of the Board and Board Committees. The Non-Executive and Independent Directors communicate amongst themselves and with the Company's auditors and senior management. When necessary, the Company co-ordinates informal meetings for Non-Executive and Independent Directors to meet without the presence of the Executive Directors and/or management.

Chairman and Chief Executive Officer

Principle 3: There should be a clear division of responsible at the top of the Company – the working of the Board and the executive responsibility of the company's business. No one individual represents a considerable concentration of power.

The Board has appointed Mr Zhang Zhi Liang as Executive Director and CEO since 9 September 2016.

Presently, the Company has no Chairman but will appoint one in due course.

CORPORATE GOVERNANCE REPORT

Prior to the appointment of the Chairman of the Board, the CEO would ensure effective and comprehensive Board discussion on matters brought to the Board including:

- leading the Board to ensure its effectiveness on all aspects of its role;
- setting the agenda and ensuring that adequate time is available for discussion of all items on the agenda, in particular strategic issues;
- promoting a culture of openness and debate at the Board;
- ensuring that the Directors receive complete, adequate and timely information;
- ensuring effective communication with shareholders;
- encouraging constructive relations within the Board and between Board and management;
- facilitating the effective contribution of Non-Executive Directors; and
- promoting high standards of corporate governance.

The Board is of the view that there are sufficient safeguards and checks in place to ensure that the process of decision making by the Board is independent and based on collective decisions without any individual or group of individuals exercising any considerable concentration of power or influence and there is accountability for good corporate governance. All major decisions are made in consultation with the Board and where necessary, external consultants are invited to attend Board meetings to assist the Directors in deliberation. All the Board Committees are chaired by Independent Directors.

Mr Ng Clarence Kar Lung, the Executive Director, has been responsible for the administration affairs, risk management, strategic management, and public relations of the Company.

The Board has appointed Mr Zheng Aimin and Mr Tang An as the Independent Directors of the Company. The Independent Directors will assist the Chairman and the Board to ensure effective corporate governance in managing the affairs of the Board and the Company. The Independent Directors will make themselves available to shareholders to address their concerns (if any). The Independent Directors of the Company will meet periodically (in the absence of management), where necessary, and will provide feedback to the Chairman after such meetings.

Board Membership

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

Nominating Committee

The NC comprises the following members, the majority of whom, including the Chairman, are Independent Directors:

Mr Zheng Aimin	–	Chairman, Independent Director
Mr Tang An	–	Member, Independent Director
Mr Ng Clarence Kar Lung	–	Member, Executive Director

The NC's principal functions are as follows:

- identify suitable candidates and review all nominations for appointment and re-appointment to the Board;
- conduct annual reviews of the composition, structure and size of the Board;
- determine the independence of the Directors annually in accordance with Guideline 2.3 and 2.4 of the Code;
- determine whether or not a Director is able to and has been adequately carrying out his duties as a Director of the Company;
- evaluate the performance and effectiveness of the Board as a whole and the contribution of each Director;
- review succession plans for the Board; and
- review the training and professional development programmes for the Board.

CORPORATE GOVERNANCE REPORT

The Board, through delegation of authority to the NC, has used its best efforts to ensure that Directors possess the necessary knowledge, skills and experience including but not limited to those in areas of finance, business and management. Each of the Directors, bring to the Board his skills and knowledge and provides an independent and objective perspective in view of the decisions to be made.

Where a vacancy exists or where additional Directors are required, the Board will seek potential candidates and refer them to the NC for interview and assessment of their credentials and suitability for appointment. The NC will recommend the selected candidates to the Board for formal appointment after conducting the assessment.

The NC in addition to the above, is at liberty to refer to, and instruct executive search companies, personal contacts (whenever relevant) and deliberate on and consider recommendations in its search and nomination process and in identifying the right candidates.

The Independent Directors have confirmed that they do not have any relationship with the Company or its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgement with a view to the best interests of the Company. In accordance with the requirements of the Code, the NC has reviewed the status of the Independent Directors and is of the view that they are in compliance with the Code's definition on independence.

The Board does not limit the maximum number of listed company board representation its Board member may hold as long as each of the Board members is able to commit his time and attention to the affairs of the Company. The Board believes that each individual Director is best placed to determine and ensure that he is able to devote sufficient time and attention to discharge his duties and responsibilities as a Director of the Company, bearing in mind his other commitments. Currently, the Board has not determined the maximum number of listed Board representations which any Director may hold. The NC and the Board will review the requirement to determine the maximum number of listed Board representations as and when it deems fit.

For the current financial year, the Board is satisfied that each Director has allocated sufficient time and resources to the affairs of the Company.

There is no alternate Director appointed to the Board.

Pursuant to Regulation 91 of the Company's Constitution, at least one-third of the Board will retire by rotation at the forthcoming Annual General Meeting ("AGM"). Pursuant to Regulation 97 of the Company's Constitution, Directors of the Company who are newly appointed by the Board since the last AGM will have to retire at the forthcoming AGM.

The NC has reviewed and recommended that Mr Zhang Zhi Liang, Mr Ng Clarence Kar Lung, Mr Chew Vincent, Mr Zheng Aimin and Mr Tang An, being eligible and having consented, be nominated for re-election at the forthcoming AGM. In making the recommendation, the NC had considered the Directors' overall contributions and performance. The Board had accepted the NC's recommendation.

Mr Zheng Aimin, Mr Tang An and Mr Ng Clarence Kar Lung, being members of the NC who are retiring at the AGM, abstained from voting on the resolution in respect of their re-nomination as a Director.

The profile of the Directors can be found on page 24 of this Annual Report.

Board Performance

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each Director to the effectiveness of the Board.

As at the date of this report, the NC has adopted a formal process to assess the effectiveness of the Board and Board Committees as a whole as well as the performance of each individual Director. The qualitative measures include the effectiveness of the Board in its monitoring role and the attainment of strategic objectives set by the Board. The Board Committees have not been evaluated separately but together with the Board as a whole. The NC has recommended the adoption of formal annual evaluation form for the Board Committees to further enhance the effectiveness of the Board Committees. The Board had accepted the NC's recommendation and the formal annual evaluation form for the Board Committees will be adopted for the financial year ended 31 December 2017.

CORPORATE GOVERNANCE REPORT

The evaluation process focused on evaluation of factors such as the size and composition of the Board, the Board's access to information, the Board's processes and accountability, communication with senior management and the Directors' standard of conduct. Although the Directors are not evaluated individually, the factors taken into consideration with regards to the re-nomination of Directors are based on their attendance and contributions made at the Board and Board Committee meetings.

Upon reviewing the assessment, the NC is of the opinion that the Board and each of the Directors has been effective since his appointment. The evaluation exercise is carried out annually. No external facilitator was used during the evaluation process.

Access to Information

Principle 6: In order to fulfill their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

To enable the Board to fulfil its responsibility, the members of the Board are provided with appropriate materials and information in relation to financial, budget and corporate updates prior to the Board and Board Committee meetings on an on-going basis to facilitate the Board to make informed decisions.

The Board has separate and independent access to the Company's management and the Company Secretary. In addition, the Board and Independent Directors may seek independent professional advice, if necessary, at the Company's expense.

The Company Secretary or her representative administers, attends and prepares minutes of the Board and Board Committee meetings, and assists the Chairman of the Board and/or Board Committees in ensuring that proceedings are conducted according to meeting procedures so that the Board and/or Board Committees can function effectively and relevant requirements of the Companies Act and Catalyst Rules are complied with. The decision to appoint or remove the Company Secretary is a decision made by the Board as a whole.

(B) REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: There should be formal and transparent procedures for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. No Director should be involved in deciding his own remuneration.

Remuneration Committee

The RC comprises the following members:

Mr Zheng Aimin	—	Chairman, Independent Director
Mr Tang An	—	Member, Independent Director
Mr Chew Vincent	—	Member, Non-Executive Director

Pursuant to the Code, the RC comprises entirely Non-Executive Directors, the majority of whom are independent.

The RC's tasks include reviewing and deliberating upon the compensation packages of Board members as well as key management personnel in the Company and the Group.

The responsibilities of the RC are to:

- make recommendations to the Board on matters relating to remuneration, including but not limited to fees, salaries, allowances, bonuses, options and benefits in kind of Directors and key executives;
- determine the appropriateness of remuneration of Directors and key executives;
- review and recommend to the Board, the terms of service agreements of Directors and key executives;
- consider the disclosures requirements for Directors' and key executives' remuneration as required by the Listing Manual and the Code.

CORPORATE GOVERNANCE REPORT

All recommendations of the RC will be submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits in kind shall be covered by the RC. In determining remuneration packages of Executive Directors and key management personnel, the RC seeks to ensure that the Executive Directors and key management personnel are adequately but not excessively rewarded. The RC will also consider, in consultation with the Board, amongst other things, their responsibilities, skills, expertise and contribution to the Company's performance and whether the remuneration packages are competitive and sufficient to ensure that the Company is able to attract and retain the best available executive talent.

The RC has the liberty to seek professional advice relating to the remuneration of all Directors and key management personnel. The expense of such services shall be borne by the Company.

In reviewing the service agreements of the Executive Directors and key management personnel of the Company, the RC will review the Company's obligations arising in the event of termination of these service agreements, to ensure that such service agreements contain fair and reasonable termination clauses which are not overly generous. The RC aims to be fair and avoid rewarding poor performance.

Level and Mix of Remuneration

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the Directors to provide good stewardship of the Company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than necessary for this purpose.

The payment of Directors' fees is endorsed by the RC and recommended by the Board for shareholders' approval at the AGM of the Company. No Director is involved in deciding his own remuneration.

Non-Executive Directors are paid Directors' fees appropriate to their level of contribution to the Board, taking into account factors such as effort and time spent, responsibilities of the Directors and the need to pay competitive fees to attract, retain and motivate Directors. Directors' fees are recommended by the Board for approval at the annual general meeting.

In addition to the remuneration package for the Executive Director, the RC also reviewed and recommended the remuneration packages for each of the top five key management personnel of the Group (excluding Directors of the Company).

Presently, the Company does not have any long term incentive schemes for the Directors and key management personnel.

The Company does not use contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The Executive Directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

CORPORATE GOVERNANCE REPORT

Disclosure on Remuneration

Principle 9: Each company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

The aggregate compensation paid to or accrued to the Directors for FY2016 are set out in the table below:

Name	Remuneration (\$) ⁽¹⁾	Directors' Fee (\$)	Variable Bonus (\$) ⁽²⁾	Provident Fund (\$) ⁽³⁾	Benefits (\$) ⁽⁴⁾	Total Cash & Benefits (\$) ⁽⁵⁾
Zhang Zhi Liang ⁽⁶⁾	40,000	—	—	—	—	40,000
Ng Clarence Kar Lung ⁽⁷⁾	32,000	—	—	—	—	32,000
Chew Vincent ⁽⁸⁾	—	20,000	—	—	—	20,000
Zheng Aimin ⁽⁹⁾	—	10,000	—	—	—	10,000
Tang An ⁽¹⁰⁾	—	10,000	—	—	—	10,000
Wong Ming Kwong ⁽¹¹⁾	74,700	—	5,533	7,740	—	87,973
Aw Cheok Huat ⁽¹²⁾	—	64,000	—	—	—	64,000
Seow Hang Chiang Winston ⁽¹³⁾	—	46,667	—	—	—	46,667
Koh Yoke Har ⁽¹⁴⁾	—	55,666	—	—	—	55,666

Notes:

- (1) Remuneration refers to base salary and allowance earned for the financial year ended 31 December 2016.
- (2) Variable bonus comprises the performance bonus.
- (3) Provident fund in Singapore represents payments in respect of Company statutory contributions to the Singapore Central Provident Fund.
- (4) Benefits include car benefits and other non-cash benefits.
- (5) Total cash & benefits is the sum of fixed remuneration, variable bonus, provident fund and benefits for the financial year ended 31 December 2016.
- (6) Mr Zhang Zhi Liang was appointed to the Board with effect from 9 September 2016.
- (7) Mr Ng Clarence Kar Lung was appointed to the Board with effect from 9 September 2016.
- (8) Mr Chew Vincent was appointed to the Board with effect from 9 September 2016.
- (9) Mr Zheng Aimin was appointed to the Board with effect from 9 September 2016.
- (10) Mr Tang An was appointed to the Board with effect from 9 September 2016.
- (11) Mr Wong Ming Kwong resigned from the Board with effect from 30 September 2016.
- (12) Mr Aw Cheok Huat resigned from the Board with effect from 9 September 2016.
- (13) Mr Seow Hang Chiang Winston resigned from the Board with effect from 9 September 2016.
- (14) Ms Koh Yoke Har resigned from the Board with effect from 9 September 2016.

CORPORATE GOVERNANCE REPORT

Remuneration of Other Key Management and Senior Management

The breakdown of the remuneration paid to two key management and senior management identified for FY2016 is set out in the table below.

Name	Remuneration (\$) ⁽¹⁾	Variable Bonus (\$) ⁽²⁾	Provident Fund (\$) ⁽³⁾	Benefits (\$) ⁽⁴⁾	Total Cash & Benefits (\$) ⁽⁵⁾
Chong Paw Long ⁽⁶⁾	74,700	5,533	11,906	—	92,139
Teh Thean Yean	48,375	16,125	7,740	—	72,240

Notes:

- (1) Remuneration refers to base salary and allowance earned for the financial year ended 31 December 2016.
- (2) Variable bonus comprises the performance bonus.
- (3) Provident fund represents payments in respect of company statutory contributions to the Singapore or Malaysia Central Provident Fund.
- (4) Benefits include car benefits and other non-cash benefits.
- (5) Total cash & benefits is the sum of fixed remuneration, variable bonus, provident fund and benefits for the financial year ended 31 December 2016.
- (6) Mr Chong Paw Long resigned as Financial Controller on 30 September 2016.

The total remuneration paid to the key management personnel (who are not Directors or the CEO) was S\$164,379 for FY 2016. Profile of the key management staff is set out on page 25 of this Annual Report.

For FY2016, there were no terminations, retirement or post-employment benefits granted to Directors and relevant key management personnel other than the standard contractual notice period and termination payment in lieu of service.

Remuneration of other employees related to a Director or CEO

No employee of the Group who is an immediate family member of a Director was paid remuneration that exceeded S\$50,000 during FY 2016.

The Company does not have an employee share option scheme.

(C) ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board is accountable to the Shareholders while the management is accountable to Board.

The Board reviews and approves the half yearly and full year financial results announcements as well as any announcements before their release on SGXNET and the media. Shareholders are provided with the half-yearly and full year results and annual financial reports on a timely manner. In presenting the annual financial statements and half yearly announcements to shareholders, it is the aim of the Board to provide shareholders with a balanced and understandable assessment of the Company's performance, position and prospects. The Board also furnishes timely information and ensures disclosure of material information to shareholders via SGXNET.

The Company has procured Appendix 7H (Form of Undertaking with Regard to Directors or Executive Officers) pursuant to Rule 720(1) of Catalist Rules from all the Directors and Executive Officer of the Company.

To ensure compliance with legislative and regulatory requirements, including requirements under the Catalist Rules, the Board through management, reviews the relevant compliance reports and ensures that management seeks the Board's approval for such reports or requirements.

CORPORATE GOVERNANCE REPORT

Management provides the Board with management accounts and such explanation and information on a timely basis and as the Board may require from time to time to enable the Board to make a balanced and informed assessment of the Company's performance, position and prospects.

Risk Management and Internal Controls

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard the shareholders' interests and the Company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board believes in the importance of maintaining a sound system of risk management and internal controls to safeguard the interests of the shareholders and the Company's assets. Annual reviews of these controls are conducted by the Company's internal and external auditors and any recommendations for improvement are reported to the AC.

The Company does not have a Risk Management Committee. However, the management reviews the Group's business and operational activities regularly to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. The management reviews all significant control policies and procedures and highlights all significant matters to the Board and to the AC.

It is the opinion of the Board, with the concurrence of the AC, that the system of risk management and internal controls in place are adequate and effective in addressing the risks relating to financial, operational, compliance and information technology for FY2016. It provides reasonable, but not absolute, assurance against material financial misstatements or losses, and includes the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulations and best practices, and the identification and containment of financial, operational and compliance risks. However, the Board notes that no system of internal controls could provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

The AC has reviewed the adequacy of the internal audit function and the effectiveness of the system of internal controls for the financial year under review through discussions with the internal and external auditors, the review of internal and external audit plans and the review of significant issues arising from the internal and external audits. Based on the internal controls established and maintained by the Group, work performed by the internal auditors and reviews by the management, the Board and the AC are of the opinion that the Group's internal controls addressing financial, operational, compliance risks, information technology controls and risk management systems were adequate and effective as at 31 December 2016 and met the needs of the Group in its current business environment. The AC is satisfied that the internal audit function is adequately resourced and has the appropriate standing within the Group.

For the financial year under review, the CEO, Executive Directors and Financial Controller have provided assurance to the Board that the financial records of the Company have been properly maintained and the financial statements give a true and fair view of the operations and finances and that an effective risk management and internal control system have been put in place.

Audit Committee

Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The AC comprises three Board members, all of whom are Non-Executive and the majority of whom are Independent Directors. The members are:

Mr Tang An	—	Chairman, Independent Director
Mr Zheng Aimin	—	Member, Independent Director
Mr Chew Vincent	—	Member, Non-Executive Director

The members of the AC including the Chairman of the AC are appropriately qualified, having the necessary accounting or related financial management expertise to discharge their responsibilities.

CORPORATE GOVERNANCE REPORT

The AC carried out its functions in accordance with Section 201B (5) of the Companies Act, and has been entrusted with the following functions:

- review of audit plans, evaluation of the system of internal controls, audit report and management letter and ensuring that the adequacy of the Group's system of accounting controls;
- review of the financial statements before submission to the Board for the release of announcements, financial reporting issues and judgements to ensure the integrity of the Company's financial statements and any other announcements relating to the Company's financial performance;
- review of the scope and results of the internal audit function and ensuring co-ordination between the internal and external auditors and the management;
- reviewing of the co-operation given by the Company's officers to the auditors;
- reviewing legal and regulatory matters that may have a material impact on the financial statements, related exchange compliance policies and programs and reports received from the regulators;
- reviewing the cost effectiveness, independence and objectivity of the auditors;
- review of the nature and extent of non-audit services, if any, provided by the external auditors to ensure independence of the external auditors;
- nominating the appointment and reappointment of external auditors and approving their remuneration and terms of engagement; and
- reviewing and ratifying all interested person transactions falling within the scope of Chapter 9 of the Catalist Rules to ensure that they complied with the approved internal control procedures and had been conducted at arm's length basis.

The AC meets at least two times a year and as frequently as required. In particular, the AC meets to review the financial statements before the release of results announcement. In the financial year under review, the AC has met to review and approve the half year and full year unaudited financial results for announcement purposes, the audit plan, the internal audit reports and plan as well as ad-hoc issues.

The AC has met with the external auditors and internal auditors, without the presence of the management during FY2016. It may also examine any other aspects of the Company's affairs, as it deems necessary, where such matters relate to exposures or risks of regulatory or legal nature, and monitors the Company's compliance with its legal, regulatory and contractual obligations. The AC has power to conduct or authorise investigations into any matters within the AC's scope of responsibility. The AC has reasonable resources to enable it to discharge its functions properly, including full access to and co-operation by management and full discretion to invite any Director or executive officer to attend its meetings.

The AC is satisfied with the level of co-operation rendered by the management to the external auditors and the adequacy of the scope and quality of their audits.

The AC recommends to the Board on the proposals to the shareholders on the appointment, reappointment and removal of the external auditors and approves the remuneration of the external auditors. The AC has also reviewed the independence of external auditors, KPMG LLP and has recommended their re-appointment to the Board at the forthcoming AGM. None of the members of the AC are a partner or director of KPMG LLP or any other auditing firm or auditing corporation.

Annually, the AC would conduct a review of all non-audit services provided by the auditors, if any. For FY2016, no non-audit services were provided by the external auditors to the Company. Fees paid or payable by the Group to the external auditors of the Group for audit services for FY2016 amounted to S\$76,600. The Company has complied with Rules 712 and 715 of the Catalist Rules in relation to the engagement of its auditors.

The AC has reviewed the key audit matters disclosed in the independent external auditors' report and is of the view that there is no material inconsistency between the audit procedures adopted by the independent external auditors and the management's assessment.

CORPORATE GOVERNANCE REPORT

The Company has instituted a whistle-blowing policy to provide a channel for employees of the Group to report in good faith and in confidence, without fear of reprisals, concern about possible improprieties in financial reporting and other matters. The objective of the policy is to ensure that there is independent investigation of such matters and that appropriate follow up actions will be taken. The AC oversees the administration of the policy. Where a complaint has been made, a report will be submitted to the AC for investigation and follow-up.

In addition, the AC has also conducted a review of interested person transactions and noted that there were no interested person transactions during the financial year under review.

The AC is kept updated annually or from time to time on any changes to the accounting and financial reporting standards by the external auditors.

Internal Audit

Principle 13: The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Company outsourced its internal audit function to Kreston David Yeung PAC. The internal audit plan drawn up by the internal auditors is approved by the AC. The work undertaken by the internal auditors includes the audit of the Group's system of internal control over its key operations. The internal auditors report their audit findings and recommendations to the AC. The internal audit reports are also given to the external auditors to ensure effective use of resources and to avoid duplication of efforts.

The AC approves the hiring, removal, evaluation and compensation of the internal audit function, who has unfettered access to all the Company's documents, records, properties and personnel, including access to the AC.

The AC is satisfied that the internal auditor has adequate resources to perform its function effectively.

The AC is satisfied that the internal audit function is staffed by suitably qualified and experienced professionals with the relevant experience.

The internal auditor is a member of the Institute of Internal Auditors Singapore ("IIA"), an internal professional association for internal auditors which has its headquarters in the United States. The internal audit work carried out is guided by the International Standards for the Professional Practice of Internal Auditing ("IIA Standards") laid down in the International Professional Practices Framework issued by the IIA.

The AC would annually review the adequacy and effectiveness of the internal audit function of the Group.

(D) SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholders Rights

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognize, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

The Company believes that a high standard of disclosure is crucial to raising the level of corporate governance. All information relating to the Company's new initiatives are first disseminated via SGXNET followed by a news release (if appropriate), which is also available on the SGX-ST's website.

Shareholders are informed of general meetings through the announcement released to the SGXNet and notices contained in the Annual Report or circulars sent to all shareholders. These notices are also advertised in a national newspaper. All shareholders are entitled to attend the general meetings and are provided the opportunity to participate in the general meetings. If any shareholder is unable to attend, he/she is allowed to appoint up to two proxies to vote on his/her behalf at the general meeting through proxy forms sent in advance.

CORPORATE GOVERNANCE REPORT

On 3 January 2016, the legislation was amended, among other things to allow certain members, defined as “Relevant Intermediary” to attend and participate in general meetings without being constrained by the two-proxy requirement. Relevant Intermediary includes corporations holding licenses in providing nominee and custodial services and CPF Board which purchases shares on behalf of the CPF investors. With this amended legislation, the Company allows relevant intermediaries to appoint more than two proxies to attend the Company’s general meetings.

Communication with Shareholders

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

The Company believes in high standards of transparent corporate disclosure and is committed to disclose to its shareholders, the information in a timely and fair manner via SGXNet. Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly to all others as soon as practicable. Communication is mainly made through:–

- Annual report that is prepared and sent to all shareholders. The Board ensures that the annual report includes all relevant material information about the Company and the Group, including future developments and other disclosures required by the Companies Act and Singapore Financial Reporting Standards;
- Half yearly and full year announcements containing a summary of the financial information and affairs of the Group for that period; and
- Notices of explanatory memoranda for AGMs and Extraordinary General Meetings (“EGMs”). The notice of AGM and EGM are also advertised in a national newspaper.

The Company does not have a dedicated investor relations policy. The shareholders can access the information on the Group and address their concerns through the Group’s website <http://www.ite.com.sg>.

The Company does not practice selective disclosure. Price sensitive information is publicly released half year and full year financial results are announced and annual reports are issued within the mandatory period. All shareholders of the Company will receive a copy of the annual report and notice of AGM. At the AGM, shareholders are given opportunities to express their views and ask the Board and management questions regarding the operations of the Company.

The Company does not have a formal dividend policy at present. The form, frequency and amount of dividends declared each year will take into consideration the Group’s profit growth, cash position, positive cash flow generated from operations, projected capital requirements for business growth and other factors as the Board may deem appropriate. The Board is not recommending any dividend distribution to its shareholders in FY2016 on the basis that the Group is loss making.

CONDUCT OF SHAREHOLDER MEETING

Principle 16: Companies should encourage greater shareholder participation at general meeting of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the Company.

Shareholders are encouraged to attend the Company’s general meetings to ensure a high level of accountability and to stay informed of the Group’s strategies and growth plans. Notice of the general meeting is dispatched to shareholders, together with explanatory notes or a circular on items of special businesses (if necessary), at least 14 clear calendar days before the meeting. The Board welcomes questions from shareholders who wish to raise issues, either informally or formally before or during the general meetings.

Each item of special business included in the notice of the general meetings will be accompanied by explanation of the effects of a proposed resolution. Separate resolutions are proposed for each substantially separate issue at general meetings.

The Chairman of the AC, NC and RC are normally present and available to address questions relating to the matters under the purview of their respective Board Committees at general meetings. Furthermore, the external auditors are present to assist the Board in addressing any relevant queries raised by the shareholders.

The Company will make available minutes of general meetings to shareholders upon their request.

To enhance shareholder participation, the Company adheres to the requirements of the Catalist Rules and the Code, and would put all resolutions at general meetings held on or after 1 August 2015 to vote by poll. The detailed voting results, including the total number of votes cast for or against each resolution tabled, were announced immediately after the general meetings and via SGXNet. For cost effectiveness, the Company had adopted manual polling for the resolutions to be voted at the general meeting held during FY2016.

CORPORATE GOVERNANCE REPORT

Dealing in Securities

In line with Rule 1204(19) of the Catalist Rules, the Company has procedures in place on dealings in securities, whereby there should be no dealings in the Company's shares by the Company, its Directors and officers during the period commencing one month prior to the announcement of the Company's half year and full year financial results and ending on the date of announcement of the results.

Directors and executives are also expected to observe insider trading laws at all times even when dealing in securities within permitted trading periods or when they are in possession of unpublished price sensitive information they are not to deal in the Company's securities on short-term considerations. The implications of insider trading are clearly set out in the procedures and guidelines.

Report on the Use of Share Placement Proceeds

As announced via SGXNET, the Company had on 24 March 2017 allotted and issued 41,000,000 new ordinary shares to subscribers at the issue price of S\$0.0468 per share representing gross proceeds of approximately S\$1.92 million (the "**Proceeds**"), which is going to be utilised to develop the "Sunrise (旭飞)" brand and diversify into new business segments. The Company intends to use 100% of the net proceeds of the Share Placement for general working capital purposes. As of to-date, the Proceeds remains unchanged and the Company will make periodic announcement(s) as to the use of the proceeds from the Proposed Placement as and when such proceeds are materially disbursed.

Interested Person Transactions

The Company has established internal control policies to ensure that transactions with interested persons are reviewed, approved, and are conducted at arm's length basis.

The Company does not have a general shareholders' mandate for recurrent interested person transactions.

The Company confirms that during the financial year under review, there was no interested person transaction.

Material Contracts

Save for the Sale and Purchase Agreement dated 23 August 2016 entered into by Mr. Aw Cheok Huat, who resigned from the Board on 9 September 2016, with Prosperity Luck Overseas Inc. for the acquisition of 39,827,815 ordinary shares of the Company, there was no material contract (not being entered into in the ordinary course of business) of the Company and its subsidiaries, involving the interests of any Director or controlling shareholder, either still subsisting at the end of the financial year ended 31 December 2016 or if not then subsisting, entered into since the end of the previous financial year.

Risk Management and Processes

The Company regularly reviews and improves its business and operational activities to identify areas of significant business risks as well as respond appropriately to control and mitigate these risks. The Company reviews all significant control policies and procedures and highlights all significant matters to the AC and Board. The details of the Group's financial and business risks can be found on page 4 of this Annual Report.

Non-Sponsor Fees

No non-sponsor fees were paid to the Sponsor, Xandar Capital Pte Ltd and RHT Capital Pte Ltd, for the financial year ended 31 December 2016. Xandar Capital Pte Ltd was the Sponsor of the Company until 18 February 2016.

RHT Capital Pte Ltd was appointed as the Sponsor of the Company with effect from 18 February 2016.

Statement of Compliance

The Board confirms that for the financial year ended 31 December 2016, the Company has generally adhered to the principles and guidelines as set out in the Code.

BOARD OF DIRECTORS

Mr Zhang Zhi Liang

Executive Director and Chief Executive Officer

Mr Zhang Zhi Liang is an Executive Director and Chief Executive Officer of Sunrise Shares Holdings Ltd. He was appointed as a Director on 9 September 2016.

Mr Zhang had been the treasurer, and Chief Financial Officer, and Chief Executive Officer of Guangdong Sunrise Holdings Limited and its subsidiaries since July 1999. He was also the Board Secretary, Vice General Manager, Financial Controller, Chairman etc. of Xiamen Sunrise Investment Holdings Ltd.

Mr Zhang graduated from Shanghai University of Finance and Economics, China, and majored in Accounting.

Mr Ng Clarence Kar Lung

Executive Director

Mr Ng Clarence Kar Lung was appointed to the Board as an Executive Director on 9 September 2016. He was also appointed as a member of the Nominating Committee.

Mr Ng was the Director of Fareach Investment & Development Company. During the past 3 years, he was also a General Manager of Hong Kong Sunrise Holdings Limited, and Director of Hong Kong Tong Lin Holdings Limited.

Mr Ng holds a Bachelor of Commerce degree from the University of British Columbia, Canada, and majored in Accounting.

Mr Chew Vincent

Non-Executive Director

Mr Chew Vincent was appointed to the Board as a Non-Executive Director on 9 September 2016. He was also appointed as a member of the Audit Committee and the Remuneration Committee.

Mr Chew currently heads the Nan Fang (Singapore) Fund Management. During the past 8 years, Mr Chew was the Vice President of United Overseas Bank, and Relationship Manager of the Hong Kong Shanghai Banking Corporation.

Mr Chew holds a Bachelor of Commerce (Management and Marketing) degree from Murdoch University, Australia.

Zheng Aimin

Independent Director

Mr Zheng Aimin was appointed to the Board as an Independent Director on 9 September 2016. He was also appointed as the Chairman of the Nominating and Remuneration Committees and is a member of the Audit Committee.

Mr Zheng is the Chairman of Beijing Dadu Wazao New Materials Technology Holdings Limited. He was the Chairman and General Manager of Beijing Dajing Wazao New Materials Holdings Limited, and also the General Manager, Director and Vice Chairman of Xiamen Sunrise Investment Holdings Limited.

Mr Zheng holds a Master of Commerce (Economics) and a Bachelor of Economic Management from Nankai University, China.

Tang An

Independent Director

Mr Tang An was appointed to the Board as an Independent Director on 9 September 2016. He was also appointed as the Chairman of the Audit Committee, and is a member of the Nominating and Remuneration Committees.

Mr Tang is currently the Managing Partner and Chief Accountant of Shenzhen Changping Accounting Firm. He was the Director of Xiamen Sunrise Investment Holdings Ltd.

Mr Tang holds a Graduate Certificate in Master of Business Administration from Nankai University, and a Bachelor of Law degree from Dongbei University of Finance and Economics. In addition, Mr Tang is a CPA and a member of the AIA, and also holds the Securities Qualification Certificate.

KEY MANAGEMENT

Mr Chan Hing Yin is the Chief Financial Officer of Sunrise Shares Holdings Ltd, and responsible for all the financial and accounting functions of the Company and the Group. He joined the Company on 20 March 2017. He was the Chief Financial Officer for China Cloud Construction Group Ltd, and Financial Controller for Distell (Hong Kong) Limited, as well as Collector's Wines Company. Mr Chan holds a Bachelor of Science in Business, and majored in Accounting, Finance and Business Process Management from Indiana University, USA. In addition, Mr Chan is a CPA and also a member of Phi Theta Kappa Honor Society, USA.

Mr Teh Thean Yean is the General Manager of Electech Distribution Systems Sdn Bhd ("EDSM") and is responsible for the sales and marketing and overall management of the Group's operations in Malaysia. He joined EDSM on 1 March 1997 as a Group Marketing Manager and was promoted to General Manager on 3 January 2000. Prior to joining EDSM in 1997, he was the executive director of Fortune Electrical Appliances Sdn Bhd. He worked as a country manager in Black & Decker Asia Pacific (M) Sdn Bhd from 1993 to 1995 and was a divisional manager of Borneo Company (Inchcape Marketing) from 1973 to 1992.

DIRECTORS' STATEMENT

We submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2016.

In our opinion:

- (a) the financial statements set out on pages 33 to 70 are drawn up so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2016 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

The directors in office at the date of this statement are as follows:

Zhang Zhi Liang	(Appointed on 9 September 2016)
Ng Clarence Kar Lung	(Appointed on 9 September 2016)
Zheng Aimin	(Appointed on 9 September 2016)
Tang An	(Appointed on 9 September 2016)
Chew Vincent	(Appointed on 9 September 2016)

Change of name

On 26 January 2017, the Company change its name from ITE Electric Co Ltd to Sunrise Shares Holdings Ltd.

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the "Act"), no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning, or date of appointment if later, or at the end of the financial year.

There was no change in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2017.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Audit committee

The members of the Audit Committee during the year and at the date of this statement are:

- Tang An Chairman, Independent Director
- Zheng Aimin Member, Independent Director
- Chew Vincent Member, Non-Executive Director

The Audit Committee performs the functions specified in Section 201B of the Act, the Catalist Rules and the 2012 Code of Corporate Governance.

DIRECTORS' STATEMENT

During the financial year, the Audit Committee met 2 times. The principal responsibility of the Audit Committee is to assist the Board of Directors in the identification and monitoring of areas of significant business risks including the following:

- The effectiveness of the management of financial business risks and the reliability of management reporting;
- Compliance with laws and regulations, particularly those of the Companies Act, Chapter 50 and the Catalist Rules;
- The appropriateness of interim and full year financial statement announcements and reports;
- The significant matters impacting the financial statements and the accounting principles and judgement of items as adopted by management for these significant matters;
- The effectiveness and efficiency of external and internal audits; and
- Interested person transactions (as defined in Chapter 9 of the Catalist Rules).

Specific functions of the Audit Committee include reviewing the scope of work of the external and internal auditors and the assistance given by the Company to the auditors and receiving and considering the reports of the external and internal auditors including their evaluation of the system of internal controls. The consolidated financial statements of the Group are reviewed by the Audit Committee prior to their submission to the Board of Directors for adoption.

In addition, the Audit Committee has, in accordance with Chapter 9 of the Catalist Rules, reviewed the requirements for approval and disclosure of interested person transactions, reviewed the internal procedures set up by the Company to identify and report and where necessary, sought approval for interested person transactions and with the assistance of the management, reviewed interested person transactions.

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the external auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

In appointing our auditors for the Company and subsidiaries, we have complied with Rules 712 and 715 of the Catalist Rules.

Share options

During the financial year, there were:

- (i) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries.

As at the end of the financial year, there were no unissued shares of the Company or its subsidiaries under option.

DIRECTORS' STATEMENT

Auditors

The Auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Zhang Zhi Liang

Director

Ng Clarence Kar Lung

Director

31 March 2017



INDEPENDENT AUDITORS' REPORT

Members of the Company
Sunrise Shares Holdings Ltd.
(formerly known as ITE Electric Co Ltd)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Sunrise Shares Holdings Ltd. (formerly known as ITE Electric Co Ltd) (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2016, the consolidated statement of profit or loss, 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, as set out on pages 33 to 70.

In our opinion, 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, Chapter 50 ('the Act') and Financial Reporting Standards in Singapore ('FRSs') 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 2016 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 opinion

We conducted our audit in accordance with Singapore Standards on Auditing ('SSAs'). Our responsibilities under those standards are further described in the '*Auditors' 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 *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 opinion.

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.

Valuation of inventories

Refer to Note 8 to the financial statements

The key audit matter

As at 31 December 2016, the Group has electrical products inventories that are traded with customers in the construction sector in Singapore and Malaysia. These inventories are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less estimated selling expenses.

Demand for the Group's electrical products is influenced by the developments of the construction industry outlooks in Singapore and Malaysia. The Group's electrical trading business is highly competitive with other suppliers selling similar products at competitive prices. There is a risk that the net realisable value of the Group's inventories may fall below their carrying amounts as a result of declining selling prices or an increase in obsolete inventories.

The Group exercises judgement in determining inventory items that may be obsolete due to technological changes or are exposed to risk of impairment due to low market demands. The Group also uses estimates in determining the expected selling prices of these inventory items and the write down of those inventories expected to sell at prices below their carrying amounts to their net realisable value.

INDEPENDENT AUDITORS' REPORT

How the matter was addressed in our audit

We reviewed the Group's ageing of inventories and management's assessment of the net realisable value of inventories. We tested the inventory ageing profile prepared by management for the purpose of reliance on the inventory ageing profile for our analysis.

We challenged management's assessment of the net realisable value of inventories taking into account the historical sales of significant inventory items, technological changes, and obsolescence or damage identified on certain items of inventories during the Group's inventory count exercise. We also compared the cost of inventories with the latest available selling prices of the various products carried by the Company to identify products that are sold at selling prices that are lower than cost.

Findings

We found that the Group's assessment of net realisable value of inventories and their estimated write-down of inventory values to be reasonable.

Valuation of trade receivables

Refer to Note 9 to the financial statements

The key audit matter

The Group serves customers in the construction industry in Singapore and Malaysia. The financial health of customers that operate in the construction industry are directly influenced by the developments in the construction industry. Adverse developments in the Singapore and Malaysian construction industries will have a negative impact on the financial health of the Group's customers, which in turn, results in higher credit risk to the Group.

The Group exercises judgement in assessing the individual credit risk profile of its customers including the considerations such as the customers' financial health and historical repayment patterns, where applicable. For those customers which were identified to have higher credit risks, the group uses estimates in determining the provision for doubtful debts required for the trade receivables related to these customers.

How the matter was addressed in our audit

We reviewed the Group's profile of trade receivables and management's assessment of the recoverability of individually significant trade receivables. We tested the trade receivables ageing profile prepared by management for the purpose of placing reliance on the trade receivables ageing profile for our analysis. We challenged management's assessment on the recovery of trade receivables taking into consideration past payment patterns, financial health of customers and the cash received subsequent to the year end from customers.

We compared management's collective provision for trade receivables against historical trends of customers' default and the level of bad debts incurred in the past 3 years.

Findings

We found that the Group's assessment of trade receivables recoverability and their estimates of provision for doubtful debts to be reasonable.

Other information

Management is responsible for the other information. The other information comprises the Corporate information, Letter to shareholders, Risk management, Financial review, Operation review, Financial highlights, Five-year financial summary, Corporate governance report, Board of Directors and Key management profile, Directors' statement and Statistics of shareholdings.

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

INDEPENDENT AUDITORS' REPORT

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. We have nothing to report in this regard.

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 FRSs, 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.

Auditors' 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 auditors' 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.

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 controls.
- Obtain an understanding of internal controls 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 controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 auditors' 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 auditors' 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.

INDEPENDENT AUDITORS' REPORT

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 controls 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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 auditors' report unless the law or regulations preclude 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, 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 auditors' report is Loo Kwok Chiang Adrian.

KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore

31 March 2017



STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

		Group		Company	
	Note	2016	2015	2016	2015
		\$	\$	\$	\$
Assets					
Property, plant and equipment	4	157,358	148,960	—	—
Goodwill	5	—	—	—	—
Subsidiaries	6	—	—	7,071,736	6,411,856
Deferred tax assets	7	94,956	96,987	—	—
Non-current assets		252,314	245,947	7,071,736	6,411,856
Inventories	8	2,100,302	2,357,598	—	—
Trade and other receivables	9	3,314,702	4,465,058	68,936	704,946
Cash and cash equivalents	10	2,876,986	2,232,565	123,924	159,933
Current assets		8,291,990	9,055,221	192,860	864,879
Total assets		8,544,304	9,301,168	7,264,596	7,276,735
Equity					
Share capital	11	23,017,895	23,017,895	23,017,895	23,017,895
Reserves	12	(16,459,268)	(16,025,532)	(16,207,348)	(15,968,086)
Total equity		6,558,627	6,992,363	6,810,547	7,049,809
Liabilities					
Deferred tax liabilities	7	—	2,164	—	—
Non-current liabilities		—	2,164	—	—
Loans and borrowings	13	—	202,571	—	—
Loan from a shareholder	14	330,000	—	330,000	—
Trade and other payables	15	1,642,700	2,087,296	124,049	226,926
Current tax liabilities		12,977	16,774	—	—
Current liabilities		1,985,677	2,306,641	454,049	226,926
Total liabilities		1,985,677	2,308,805	454,049	226,926
Total equity and liabilities		8,544,304	9,301,168	7,264,596	7,276,735

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

YEAR ENDED 31 DECEMBER 2016

		Group	
	Note	2016	2015
		\$	\$
Revenue	16	12,099,618	15,790,462
Changes in inventories of finished goods and work-in-progress		(8,296,780)	(11,171,812)
Raw materials and consumables used		(605,483)	(640,302)
Other income	17	469,454	564,196
Staff costs	17	(2,213,732)	(2,260,700)
Depreciation charge of property, plant and equipment	4	(35,049)	(62,882)
Other expenses	17	(1,707,030)	(2,141,347)
Finance costs	18	(8,309)	(66,029)
(Loss)/Profit before tax		(297,311)	11,586
Tax expense	19	(76,950)	(31,793)
Loss for the year		(374,261)	(20,207)
Loss attributable to:			
Owners of the Company		(374,261)	(12,014)
Non-controlling interests		—	(8,193)
Loss for the year		(374,261)	(20,207)
Loss per share			
Basic loss per share (cents)	20	(0.27)	(0.01)
Diluted loss per share (cents)	20	(0.27)	(0.01)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2016

	Group	
	2016	2015
	\$	\$
Loss for the year	(374,261)	(20,207)
Other comprehensive loss		
Items that are or may be reclassified subsequently to profit or loss:		
Foreign currency translation differences – foreign operations	(59,475)	(353,777)
Other comprehensive loss for the year, net of tax	(59,475)	(353,777)
Total comprehensive loss for the year	(433,736)	(373,984)
Total comprehensive loss attributable to:		
Owners of the Company	(433,736)	(365,791)
Non-controlling interests	–	(8,193)
Total comprehensive loss for the year	(433,736)	(373,984)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2016

	Note	Share capital \$	Foreign currency translation reserve \$	Other reserve \$	Accumulated losses \$	Total attributable to owners of the Company \$	Non- controlling interests \$	Total equity \$
At 1 January 2015		23,017,895	(758,722)	71,282	(14,978,316)	7,352,139	29,208	7,381,347
Total comprehensive loss for the year								
Loss for the year		—	—	—	(12,014)	(12,014)	(8,193)	(20,207)
Other comprehensive loss								
Foreign currency translation differences		—	(353,777)	—	—	(353,777)	—	(353,777)
Total other comprehensive loss, net of tax		—	(353,777)	—	—	(353,777)	—	(353,777)
Total comprehensive loss for the year		—	(353,777)	—	(12,014)	(365,791)	(8,193)	(373,984)
Transactions with owners, recognised directly in equity								
Changes in ownership interests in subsidiaries								
Acquisition of non-controlling interests without a change in control	22	—	—	6,015	—	6,015	(21,015)	(15,000)
Total transactions with owners		—	—	6,015	—	6,015	(21,015)	(15,000)
At 31 December 2015		23,017,895	(1,112,499)	77,297	(14,990,330)	6,992,363	—	6,992,363

		Share capital \$	Foreign currency translation reserve \$	Other reserve \$	Accumulated losses \$	Total attributable to owners of the Company \$	Non- controlling interests \$	Total equity \$
At 1 January 2016		23,017,895	(1,112,499)	77,297	(14,990,330)	6,992,363	—	6,992,363
Total comprehensive loss for the year								
Loss for the year		—	—	—	(374,261)	(374,261)	—	(374,261)
Other comprehensive loss								
Foreign currency translation differences		—	(59,475)	—	—	(59,475)	—	(59,475)
Total other comprehensive loss, net of tax		—	(59,475)	—	—	(59,475)	—	(59,475)
Total comprehensive loss for the year		—	(59,475)	—	(374,261)	(433,736)	—	(433,736)
At 31 December 2016		23,017,895	(1,171,974)	77,297	(15,364,591)	6,558,627	—	6,558,627

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2016

	Note	Group 2016 \$	2015 \$
Cash flows from operating activities			
Loss for the year		(374,261)	(20,207)
Adjustments for:			
(Reversal of)/Allowance for doubtful receivables	17	(2,404)	2,978
Write-off of other receivables	17	19,407	–
Allowance for inventory obsolescence	17	28,493	172,441
Depreciation charge of property, plant and equipment	4	35,049	62,882
Interest income	17	(28,077)	(31,161)
Interest expense	18	8,309	66,029
Gain on disposal of property, plant and equipment	17	–	(5,421)
Property, plant and equipment written off	17	–	35
Tax expense	19	76,950	31,793
		(236,534)	279,369
Changes in working capital:			
Trade and other receivables		1,095,897	1,310,770
Inventories		205,070	(181,636)
Trade and other payables		(424,284)	(811,764)
Cash generated from operations		640,149	596,739
Tax paid		(80,880)	(71,789)
Net cash from operating activities		559,269	524,950
Cash flows from investing activities			
Interest received		28,077	31,161
Proceeds from disposal of property, plant and equipment		–	5,460
Acquisition of property, plant and equipment	4	(45,197)	(7,950)
Net cash (used in)/from investing activities		(17,120)	28,671
Cash flows from financing activities			
Deposits pledged		558,637	1,968,734
Interest paid		(8,309)	(66,029)
Repayment of trust receipts		–	(1,727,686)
Repayment of loans and borrowings		(202,571)	(12,193)
Loan from a shareholder		330,000	–
Acquisition of non-controlling interests	22	–	(15,000)
Net cash from financing activities		677,757	147,826
Net increase in cash and cash equivalents		1,219,906	701,447
Cash and cash equivalents at beginning of the year		1,673,928	1,120,989
Effect of exchange rate changes on cash balances held in foreign currencies		(16,848)	(148,508)
Cash and cash equivalents at end of the year	10	2,876,986	1,673,928

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 31 March 2017.

1 Domicile and activities

Sunrise Shares Holdings Ltd. (formerly known as ITE Electric Co Ltd) (the “Company”) is incorporated in the Republic of Singapore, and has its registered office at 6 Battery Road, #10-01, Singapore 049909.

The principal activities of the Group and Company are those of investment holding and trading and distributors of electrical products.

The consolidated financial statements of the Group as at and for the year ended 31 December 2016 comprise the financial statements of the Company and its subsidiaries.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (FRS).

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities which are measured at fair value.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars which is the Company’s functional currency.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in note 23 – *Accounting estimates and judgements*.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Group entities.

3.1 Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method in accordance with FRS 103 *Business Combination* as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the acquisition date and included in the consideration transferred. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the acquisition date. The measurement basis taken is elected on a transaction-by-transaction basis. All other non-controlling interests are measured at acquisition-date fair value, unless another measurement basis is required by FRSs.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. Adjustments to NCI arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Accounting for subsidiaries by the Company

Investments in subsidiaries are stated in the Company's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting period are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences which are recognised in other comprehensive income arising on the retranslation of available-for-sale equity instruments (except on impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss).

Foreign operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operation and are translated at the exchange rates at the reporting date. For acquisitions prior to 1 January 2005, the exchange rates at the date of acquisition were used.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.2 Foreign currency (cont'd)

Foreign operations (cont'd)

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the translation reserve in equity.

3.3 Financial instruments

Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following category: loans and receivables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and loans and receivables including loan to a subsidiary and non-trade amounts due from subsidiaries.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. For the purpose of the statement of cash flows, pledged deposits are excluded whilst bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

Non-derivative financial liabilities

Financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. These financial liabilities comprise loans and borrowings, and trade and other payables.

Intra-group financial guarantee in the separate financial statements

Financial guarantees are financial instruments issued by the Company that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees are recognised initially at fair value and are classified as financial liabilities. Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the amount that would be recognised if they were accounted for as contingent liabilities. When financial guarantees are terminated before their original expiry date, the carrying amount of the financial guarantees is transferred to the profit and loss.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3.4 Goodwill

Goodwill arises upon the acquisition of subsidiaries. For the measurement of goodwill that arises upon the acquisition of subsidiaries at initial recognition, see note 3.1.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

3.5 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset, any other costs directly attributable to bringing the asset to a working condition for its intended use, the cost of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.5 Property, plant and equipment (cont'd)

Recognition and measurement (cont'd)

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item or property, plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative periods are as follows:

Leasehold land and building	—	50 years
Machinery and equipment	—	3 to 10 years
Furniture and office equipment	—	3 to 10 years
Renovation	—	1 to 10 years
Motor vehicles	—	5 years

Depreciation methods, useful lives and residual values are reviewed at end of each reporting period and adjusted if appropriate.

3.6 Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised in the Group's statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.7 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is calculated using the weighted-average cost formula and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

3.8 Impairment

Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has a negative impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Loans and receivables

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.8 Impairment (cont'd)

Non-financial assets (cont'd)

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.9 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3.10 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.11 Revenue

Sale of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement. For sales of electrical products, transfer usually occurs when the product is received at the customer's warehouse; however, for some international shipments, transfer occurs upon loading of the goods on to the relevant carrier at the port.

3.12 Other income

Interest income

Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Government grant

Government grants are recognised initially as deferred income at fair value when there is a reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. These grants are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which expenses are recognised.

3.13 Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

3.14 Finance costs

Finance costs comprise interest expense on loans and borrowings are recognised in profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

3.15 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.15 Tax (cont'd)

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.16 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.17 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Executive Director ("ED") to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's ED include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and tax assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.17 Segment reporting (cont'd)

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

3.18 New standards and interpretations not adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2016 and earlier application is permitted; however, the Group has not early applied the following new or amended standards in preparing these statements.

For those new standards and amendments to standards that are expected to have an effect on the financial statements of the Group and Company in future financial periods, the Group is assessing the transition options and the potential impact on its financial statements, and to implement these standards. Management provides updates to the Board of Directors on the progress of implementing these standards. These updates cover key reporting and business risks and the implementation approach. The Group does not plan to adopt these standards early.

Applicable to 2018 financial statements

New standards

Summary of the requirements

Potential impact on the financial statements

FRS 115 *Revenue from Contracts with Customers*

FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue*.

FRS 115 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. FRS 115 offers a range of transition options including full retrospective adoption where an entity can choose to apply the standard to its historical transactions and retrospectively adjust each comparative period presented in its 2018 financial statements. When applying the full retrospective method, an entity may also elect to use a series of practical expedients to ease transition.

During 2016, the Group performed its initial assessment of the impact on the Group's financial statements. Based on its initial assessment, the Group considered the following:

Variable consideration – The Group currently recognises revenue from the sale of goods at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates provided the level of expected return of goods and amount of trade discounts and volume rebates can be estimated reliably. Clauses relating to discounts and rebates represent variable consideration under FRS 115 and revenue is recognised to the extent that it is highly probable that there will be no significant reversal when the uncertainty is resolved. Based on its current profile of customers and revenues the Group does not expect significant revenue to be deferred under FRS 115.

Right of return – Under FRS 115, a liability is recognised for the gross amount of the expected returns and the right to recover the returned goods is recognised separately as an asset. The Group does not expect to recognise significant liability for the refund obligation.

Transition – The Group plans to adopt the standard when it becomes effective in 2018 using the full retrospective approach. The Group is currently performing a detailed analysis under FRS 115 to determine its election of the practical expedients and to quantify the transition adjustments on its financial statements.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.18 New standards and interpretations not adopted (cont'd)

Applicable to 2018 financial statements

New standards

Summary of the requirements

Potential impact on the financial statements

FRS 109 *Financial Instruments*

FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from FRS 39.

FRS 109 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. Retrospective application is generally required, except for hedge accounting. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. Restatement of comparative information is not mandatory. If comparative information is not restated, the cumulative effect is recorded in opening equity as at 1 January 2018.

During 2016, the Group completed its initial assessment of the impact on the Group's financial statements.

Overall, the Group does not expect a significant impact on its opening equity except for the effect of applying the impairment requirements of FRS 109 for which may result in a higher impairment loss allowance on the Group's loans and receivables.

The Group's initial assessment of the three elements of FRS 109 is as described below.

Classification and measurement – The Group does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under FRS 109.

Loans and receivables that are currently accounted for at amortised cost will continue to be accounted for using amortised cost model under FRS 109.

Impairment – The Group plans to apply the simplified approach and record lifetime expected impairment losses on all trade receivables and any contract assets arising from the application of FRS 115. On adoption of FRS 109, there may be higher impairment loss allowance recognised as the Group does not require collateral in respect of its loans and receivables. The Group is currently refining its impairment loss estimation methodology to assess the impact on its financial statements.

Transition – The Group plans to adopt the standard when it becomes effective in 2018 without restating comparative information; and is gathering data to quantify the potential impact arising from the adoption.

Convergence with International Financial Reporting Standards (IFRS)

In addition, the Accounting Standards Council (ASC) announced on 29 May 2014 that Singapore-incorporated companies listed on the Singapore Exchange (SGX) will apply a new financial reporting framework identical to the International Financial Reporting Standards (referred to as SG-IFRS in these financial statements) for financial year ending 31 December 2018 onwards.

The Group has performed a preliminary assessment of the impact of SG-IFRS 1 *First-time adoption of International Financial Reporting Standards* for the transition to the new reporting framework. Based on the Group's preliminary assessment, the Group expects that the impact on adoption of SG-IFRS 15 *Revenue from Contracts with Customers* and SG-IFRS 9 *Financial Instruments* will be similar to adopting FRS 115 and FRS 109 as described in this note.

Other than arising from the adoption of new and revised standards, the Group does not expect to change its existing accounting policies on adoption of the new framework.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.18 New standards and interpretations not adopted (cont'd)

Convergence with International Financial Reporting Standards (IFRS) (cont'd)

The Group is currently performing an analysis of the available policy choices, transitional optional exemptions and transitional mandatory exceptions under SG-IFRS 1 and the preliminary assessment may be subject to changes arising from the detailed analyses.

Applicable to 2019 financial statements

New standards

Summary of the requirements

Potential impact on the financial statements

FRS 116 Leases

FRS 116 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (ROU) assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

FRS 116 substantially carries forward the lessor accounting requirements in FRS 17 *Leases*. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the FRS 17 operating lease and finance lease accounting models respectively. However, FRS 116 requires more extensive disclosures to be provided by a lessor.

When effective, FRS 116 replaces existing lease accounting guidance, including FRS 17, INT FRS 104 *Determining whether an Arrangement contains a Lease*, INT FRS 15 *Operating Leases – Incentives*, and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

FRS 116 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if FRS 115 is also applied.

The Group is currently assessing the implications of the new standard on its existing operating lease arrangements as a lessee. Based on the preliminary assessment, the Group expects these operating leases to be recognised as ROU assets with corresponding lease liabilities under the new standard. The operating lease commitments on an undiscounted basis amount to approximately 9% of the consolidated assets and 38% of consolidated liabilities. Assuming no additional new operating leases in future years until the effective date, the Group expects the amount of ROU asset and lease liability to be lower due to discounting and as the lease term runs down.

The Group plans to adopt the standard when it becomes effective in 2018 using the full retrospective approach. The Group is currently performing an analysis of the standard, including the transition options and practical expedients in 2017.

The Group expects that the impact on adoption of IFRS 16 *Leases* to be similar to adopting SG-IFRS 116, after the transition to SG-IFRS in 2018 as described above.

NOTES TO THE FINANCIAL STATEMENTS

4 Property, plant and equipment

	Leasehold land and building \$	Machinery and equipment \$	Furniture and office equipment \$	Renovation \$	Motor vehicles \$	Total \$
Group						
Cost						
At 1 January 2015	167,640	1,258,005	1,026,326	30,248	460,920	2,943,139
Additions	–	4,894	3,056	–	–	7,950
Disposals	–	–	(1,425)	–	–	(1,425)
Write-off	–	(3,394)	(16,798)	–	(5,100)	(25,292)
Effect of movements in exchange rate	(21,594)	(160,702)	(17,882)	(3,897)	(13,916)	(217,991)
At 31 December 2015	146,046	1,098,803	993,277	26,351	441,904	2,706,381
At 1 January 2016	146,046	1,098,803	993,277	26,351	441,904	2,706,381
Additions	–	225	6,213	18,100	20,659	45,197
Write-off	–	(232,282)	(646,399)	–	(270,747)	(1,149,428)
Effect of movements in exchange rate	(3,059)	(14,973)	(2,531)	(551)	(1,970)	(23,084)
At 31 December 2016	142,987	851,773	350,560	43,900	189,846	1,579,066
Accumulated depreciation						
At 1 January 2015	83,781	1,243,561	964,916	30,248	399,271	2,721,777
Depreciation for the year	3,120	10,695	23,129	–	25,938	62,882
Disposals	–	–	(1,386)	–	–	(1,386)
Write-off	–	(3,359)	(16,798)	–	(5,100)	(25,257)
Effect of movements in exchange rate	(10,990)	(159,548)	(13,860)	(3,897)	(12,300)	(200,595)
At 31 December 2015	75,911	1,091,349	956,001	26,351	407,809	2,557,421
At 1 January 2016	75,911	1,091,349	956,001	26,351	407,809	2,557,421
Depreciation for the year	2,960	1,504	15,798	–	14,787	35,049
Write-off	–	(232,282)	(646,399)	–	(270,747)	(1,149,428)
Effect of movements in exchange rate	(1,690)	(14,928)	(2,113)	(551)	(2,052)	(21,334)
At 31 December 2016	77,181	845,643	323,287	25,800	149,797	1,421,708
Carrying amounts						
At 1 January 2015	83,859	14,444	61,410	–	61,649	221,362
At 31 December 2015	70,135	7,454	37,276	–	34,095	148,960
At 31 December 2016	65,806	6,130	27,273	18,100	40,049	157,358

At 31 December, the carrying amounts of property, plant and equipment which have been pledged to secure credit facilities of the Group include the following:

	Group	
	2016	2015
	\$	\$
Leasehold property	65,806	70,135
Motor vehicles	–	3,173
	65,806	73,308

Motor vehicle under finance lease

As at 31 December 2016, the Group's net carrying amount of motor vehicles under finance lease were nil (2015: \$3,173).

NOTES TO THE FINANCIAL STATEMENTS

5 Goodwill

	Group	
	2016	2015
	\$	\$
Cost		
At 1 January and 31 December	193,026	193,026
Accumulated impairment loss		
At 1 January and 31 December	193,026	193,026
Carrying amount		
At 1 January	—	—
At 31 December	—	—

In 2013, an impairment assessment was performed on the goodwill arising from business combination which has been identified as the sole cash-generating unit (CGU). The recoverable amount of the CGU was based on its value in use and was determined by discounting the pre-tax future cash flows to be generated from the continuing use of the CGU. The recoverable amount of the CGU was determined to be lower than its carrying amount. Consequently, an impairment loss of \$193,026 was provided in 2013.

6 Subsidiaries

	Company	
	2016	2015
	\$	\$
Unquoted equity instrument, at cost	7,875,561	7,215,681
Impairment losses	(803,825)	(803,825)
	7,071,736	6,411,856

Details of the subsidiaries are as follows:

Name of subsidiary	Principal place of business/ Country of incorporation	Group's effective equity interest	
		2016	2015
		%	%
ITE Electric Systems Co Pte. Ltd.*	Singapore	100	100
Electech Distribution Systems Sdn. Bhd.** and its subsidiaries:	Malaysia	100	100
– Electech Manufacturing Sdn. Bhd.**@	Malaysia	100	100
ITE Lumens Pte. Ltd.*@	Singapore	100	100
Sunrise Industrial Pte Ltd@	Singapore	100	—
Hong Kong Sunrise Development Ltd@ and its subsidiary:	Hong Kong	100	—
– Shenzhen Sunrise Development Ltd@	China	100	—

* Audited by KPMG LLP Singapore.

** Audited by member firms of KPMG International.

@ Not a significant subsidiary under SGX Listing Rule 717.

KPMG LLP is the auditor of all significant Singapore-incorporated subsidiaries. Other member firm of KPMG International are auditors of significant foreign-incorporated subsidiaries. For this purpose, a subsidiary is considered significant as defined under the Singapore Exchange Limited Listing Manual if its net tangible assets represent 20% or more of the Group's consolidated net tangible assets, or if its pre-tax profits account for 20% or more of the Group's consolidated pre-tax profits.

NOTES TO THE FINANCIAL STATEMENTS

7 Deferred tax assets and liabilities

Movements in deferred tax assets and liabilities of the Group during the year are as follows:

	At 1 January \$	Recognised in profit or loss (note 19) \$	Reclassification \$	Exchange differences \$	At 31 December \$
Group					
2016					
Deferred tax assets					
Tax losses carried-forward	(54,004)	—	—	1,131	(52,873)
Property, plant and equipment	(22,521)	—	—	7,925	(14,596)
Others	(20,462)	—	—	(7,025)	(27,487)
	(96,987)	—	—	2,031	(94,956)
Deferred tax liabilities					
Property, plant and equipment	2,164	(2,164)	—	—	—
Group					
2015					
Tax losses carried-forward	(41,858)	2,250	(19,687)	5,291	(54,004)
Property, plant and equipment	(60,677)	13,606	16,735	7,815	(22,521)
Others	(7,885)	(16,545)	2,952	1,016	(20,462)
	(110,420)	(689)	—	14,122	(96,987)
Deferred tax liabilities					
Property, plant and equipment	2,164	—	—	—	2,164

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2016 \$	2015 \$	2016 \$	2015 \$
Tax losses carried-forward	1,572,635	1,069,465	864,982	616,686

The unutilised tax losses available for carried forward and set-off against future taxable profits are subject to the agreement of the local tax authorities and compliance with certain provisions of the tax legislation. Deferred tax assets have not been recognised due to the uncertainty of the availability of future taxable profits against which the Group can utilise the benefits. The tax losses and other temporary differences do not expire under current tax legislations.

NOTES TO THE FINANCIAL STATEMENTS

8 Inventories

	Group	
	2016	2015
	\$	\$
Raw materials and consumables	144,129	201,425
Work in progress	1,693	—
Finished goods	1,728,294	2,036,560
Goods-in-transit	226,186	119,613
	<u>2,100,302</u>	<u>2,357,598</u>

During the year, the write-down of inventories to net realisable value by the Group amounted to \$28,493 (2015: \$172,441).

9 Trade and other receivables

	Group		Company	
	2016	2015	2016	2015
	\$	\$	\$	\$
Trade receivables (net)	2,943,928	4,094,324	—	—
Deposits	283,700	278,809	—	218,880
Other receivables (net)	34,424	48,733	56,010	13,570
Loan to a subsidiary	—	—	—	140,975
Amounts due from subsidiaries				
— non-trade	—	—	—	323,395
Loans and receivables	3,262,052	4,421,866	56,010	696,820
Prepayments	52,650	43,192	12,926	8,126
	<u>3,314,702</u>	<u>4,465,058</u>	<u>68,936</u>	<u>704,946</u>

Loan to a subsidiary and non-trade amounts due from subsidiaries are unsecured, interest-free and are repayable on demand. No allowance for impairment loss has been made on these outstanding balances.

The Group and the Company's exposure to credit and currency risks, and impairment losses related to trade and other receivables are disclosed in note 24.

10 Cash and cash equivalents

	Group		Company	
	2016	2015	2016	2015
	\$	\$	\$	\$
Cash at bank and in hand	2,148,866	1,573,175	123,924	159,933
Fixed deposits	728,120	659,390	—	—
Cash and cash equivalents in the statement of financial position	<u>2,876,986</u>	<u>2,232,565</u>	<u>123,924</u>	<u>159,933</u>
Deposits pledged	—	(558,637)	—	—
Cash and cash equivalents in the statement of cash flows	<u>2,876,986</u>	<u>1,673,928</u>		

The weighted average effective interest rates per annum relating to fixed deposits at the reporting date for the Group is 3.63% (2015: 3.64%).

Deposits pledged represent fixed deposits of the Group and Company pledged as security for credit facilities (see note 13).

NOTES TO THE FINANCIAL STATEMENTS

11 Share capital

	2016		Company	
	No. of shares	\$	No. of shares	\$
Issued and fully paid ordinary shares with no par value				
At 1 January and 31 December	137,337,290	23,017,895	137,337,290	23,017,895

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

12 Reserves

	Group		Company	
	2016	2015	2016	2015
	\$	\$	\$	\$
Foreign currency translation reserve	(1,171,974)	(1,112,499)	—	—
Other reserve	77,297	77,297	—	—
Accumulated losses	(15,364,591)	(14,990,330)	(16,207,348)	(15,968,086)
	(16,459,268)	(16,025,532)	(16,207,348)	(15,968,086)

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.

The 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.

13 Loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk, see note 24.

	Group	
	2016	2015
	\$	\$
Current liabilities		
Obligation under finance lease	—	2,571
Secured bank loan	—	200,000
	—	202,571
Total loans and borrowings	—	202,571

The secured credit facilities of the Group, comprising secured bank loan and trust receipts, are secured by legal charges over the Group's leasehold land and building (note 4) and fixed bank deposits (note 10).

NOTES TO THE FINANCIAL STATEMENTS

13 Loans and borrowings (cont'd)

Obligation under finance lease

This obligation is secured by a charge over the property, plant and equipment under finance lease (note 4). At 31 December, the Group has obligations under finance leases that are payable as follows:

	Future minimum lease payments 2016 \$	Interest 2016 \$	Present value of minimum lease payment 2016 \$	Future minimum lease payments 2015 \$	Interest 2015 \$	Present value of minimum lease payment 2015 \$
Group						
Within 1 year	—	—	—	2,924	353	2,571

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Currency	Nominal interest rate %	Year of maturity	2015 Face value \$	2015 Carrying amount \$
Group					
Secured bank loan	SGD	6.00	2016	200,000	200,000
Finance lease	MYR	2.62 – 3.50	2016	2,924	2,571
				202,924	202,571

During the year, the Group repaid all loans and borrowings.

Intra-group guarantees and contingent liabilities

Intra-group financial guarantees comprise guarantees granted by the Company to banks in respect of banking facilities granted to subsidiaries amounting to \$969,113 (2015: \$2,673,377).

14 Loan from a shareholder

	Group 2016 \$	Group 2015 \$	Company 2016 \$	Company 2015 \$
Loan from a shareholder	330,000	—	330,000	—

During the year, the controlling shareholder of the Company extended a loan to the Company. The loan is unsecured, interest-free and is repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

15 Trade and other payables

	Group		Company	
	2016	2015	2016	2015
	\$	\$	\$	\$
Trade payables	1,040,101	1,385,747	—	—
Accrued operating expenses	433,241	140,778	38,722	12,938
Other payables	169,358	560,771	85,327	213,988
	1,642,700	2,087,296	124,049	226,926

The Group and the Company's exposure to currency and liquidity risks related to trade and other payables are disclosed in note 24.

16 Revenue

	Group	
	2016	2015
	\$	\$
Sale of electrical products	12,099,618	15,790,462

17 Loss for the year

The following items have been included in arriving at loss for the year:

	Group	
	2016	2015
	\$	\$
Other income		
Rental income	249,777	230,310
Rebates received	24,416	133,808
Interest income	28,077	31,161
Gain on disposal of property, plant and equipment	—	5,421
Foreign exchange gain, net	19,074	—
Government grant	119,421	89,763
Miscellaneous income	28,689	73,733
Total other income	469,454	564,196
Staff costs		
Wages and salaries	1,828,821	1,953,960
Contributions to defined contribution plans	232,920	265,165
Other related staff costs	151,991	41,575
Total staff costs	2,213,732	2,260,700
Other expenses		
Foreign exchange loss, net	—	103,260
Operating lease expense	776,420	777,202
Audit fees paid and payable to:		
– auditors of the Company	62,700	56,000
– other auditors	13,900	15,484
Non audit fees paid to:		
– other auditors	10,000	13,900
(Reversal)/Allowances for doubtful receivables	(2,404)	2,978
Write-off of other receivables	19,407	—
Allowance for inventory obsolescence	28,493	172,441
Property, plant and equipment written off	—	35
Utilities expense	74,527	54,259
Professional fees	213,454	151,751
Insurance expense	53,562	70,475
Others	456,971	723,562
Total other expenses	1,707,030	2,141,347

NOTES TO THE FINANCIAL STATEMENTS

18 Finance costs

	Group	
	2016	2015
	\$	\$
Interest paid and payable to		
– Banks	8,309	64,688
– Others	–	1,341
	<u>8,309</u>	<u>66,029</u>

19 Tax expense

	Group	
Note	2016	2015
	\$	\$
<i>Tax recognised in profit or loss</i>		
Current tax expense		
– Current year	67,461	83,482
– Under/(Over) provision in respect of prior years	7,325	(51,000)
	<u>74,786</u>	<u>32,482</u>
Deferred tax		
– Current year	2,164	610
– Under/(Over) provision in respect of prior years	–	(1,299)
	<u>2,164</u>	<u>(689)</u>
Total tax expense	<u>76,950</u>	<u>31,793</u>

Reconciliation of effective tax rate

(Loss)/Profit before tax	(297,311)	11,586
Tax using the Singapore tax rate of 17% (2015: 17%)	(50,543)	1,970
Effect of different tax rates in other countries	19,821	24,065
Non-deductible expenses	14,808	44,121
Current year losses for which no deferred tax asset was recognised	85,539	13,326
Under/(Over) provided in prior years		
– current tax	7,325	(51,000)
– deferred tax	–	(1,299)
	<u>76,950</u>	<u>31,793</u>

NOTES TO THE FINANCIAL STATEMENTS

20 Loss per share

Basic loss per share

The calculation of basic loss per share is based on the following:

	Group	
	2016	2015
	\$	\$
Loss for the year attributable to owners of the Company	(374,261)	(12,014)
	No. of shares	
	2016	2015
Weighted average number of shares at the end of the year	137,337,290	137,337,290
Basic loss per share (cents)	(0.27)	(0.01)

Diluted loss per share

There were no instruments that would have an effect of diluting the loss per share of the Group for the years ended 31 December 2016 and 2015.

21 Operating segments

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's Chief Executive Officer ("CEO") (the chief operating decision maker) reviews internal management reports on a monthly basis to make strategic decisions. The following summary describes the operations in each of the Group's reportable segments:

- (a) Electrical trading: Sale of electrical products;
- (b) Electrical manufacturing: Manufacture and assembly of electrical products; and
- (c) Investment holding.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's CEO. Segment profit before tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

NOTES TO THE FINANCIAL STATEMENTS

21 Operating segments (cont'd)

	Electrical trading \$	Electrical manufacturing \$	Total reportable segments \$
2016			
Revenue			
External revenue	12,008,501	91,117	12,099,618
Inter-segment revenue	12,553	776,539	789,092
Interest income	6,936	21,141	28,077
Finance costs	(6,657)	(1,652)	(8,309)
Depreciation charge of property, plant and equipment	(31,680)	(3,369)	(35,049)
Reportable segment (loss)/profit before tax	(79,090)	15,509	(63,581)
Other material non-cash items			
– Allowance for inventory obsolescence	(19,927)	(8,566)	(28,493)
– Reversal of doubtful receivables	2,404	–	2,404
– Write-off of other receivables	(19,407)	–	(19,407)
	(36,930)	(8,566)	(45,496)
Reportable segment assets	7,353,501	893,048	8,246,549
Capital expenditure	45,197	–	45,197
Reportable segment liabilities	1,412,811	154,398	1,567,209

In the prior year, the Group derived income from its investments in financial assets and manages its investments as an operating segment. In the current year, the Group does not have investment activities and as such no longer has an investment holding operating segment. The relevant assets and liabilities which previously belongs to the “investment holding” operating segment are presented as unallocated assets and liabilities of the Group in the current year.

	Electrical trading \$	Electrical manufacturing \$	Investment holding \$	Total reportable segments \$
2015				
Revenue				
External revenue	15,708,747	81,715	–	15,790,462
Inter-segment revenue	63,105	853,217	–	916,322
Interest income	5,201	20,619	5,341	31,161
Finance costs	(63,803)	(2,226)	–	(66,029)
Depreciation charge of property, plant and equipment	(47,996)	(14,886)	–	(62,882)
Reportable segment (loss)/profit before tax	(40,218)	34,245	25,333	19,360
Other material non-cash items				
– Allowance for inventory obsolescence	(172,441)	–	–	(172,441)
– Allowance for doubtful receivables	(2,948)	(30)	–	(2,978)
	(175,389)	(30)	–	(175,419)
Reportable segment assets	7,887,110	916,561	400,510	9,204,181
Capital expenditure	1,564	6,386	–	7,950
Reportable segment liabilities	1,836,314	226,627	226,926	2,289,867

NOTES TO THE FINANCIAL STATEMENTS

21 Operating segments (cont'd)

Reconciliation of reportable segment profit or loss, assets and liabilities and other material items

	2016 \$	2015 \$
Profit or loss		
Total (loss)/profit before tax for reportable segments	(63,581)	19,360
Unallocated expenses	(239,323)	–
Elimination of inter-segment profits	5,593	(7,774)
Consolidated (loss)/profit before tax	(297,311)	11,586
Assets		
Total assets for reportable segments	8,246,549	9,204,181
Unallocated assets		
– Other receivables	78,875	–
– Cash and cash equivalents	123,924	–
Deferred tax assets	94,956	96,987
Consolidated total assets	8,544,304	9,301,168
Liabilities		
Total liabilities for reportable segments	1,567,209	2,289,867
Unallocated liabilities		
– Loan from a shareholder	330,000	–
– Other payables	75,491	–
Current tax liabilities	12,977	16,774
Deferred tax liabilities	–	2,164
Consolidated total liabilities	1,985,677	2,308,805

Geographical segments

The electrical trading and manufacturing segments are managed locally but operate in two principal countries, namely Singapore and Malaysia.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

	Consolidated revenue \$	Consolidated non-current assets \$
2016		
Singapore	8,694,736	45,154
Malaysia	3,252,086	112,204
Other countries	152,796	–
	12,009,618	157,358
2015		
Singapore	12,008,791	41,247
Malaysia	3,670,298	107,713
Other countries	111,373	–
	15,790,462	148,960

NOTES TO THE FINANCIAL STATEMENTS

21 Operating segments (cont'd)

Major customer

Revenue from one (2015: one) customer of the Group's electrical trading segments represents approximately \$1,068,339 (2015: \$1,584,974) of the Group's total revenues.

22 Acquisition of non-controlling interests

On 16 September 2015, the Group acquired an additional 22% interest in ITE Lumens Pte. Ltd. ("ITE Lumens") for \$15,000 in cash, increasing its ownership from 78% to 100%. The carrying amount of ITE Lumens's net assets in the Group's financial statements on the date of the acquisition was \$74,510. The Group recognised a decrease in non-controlling interests of \$21,015 and an increase in capital reserve of \$6,015.

The following summarises the net effect of changes in the Group's ownership interest in ITE Lumens:

	2015
	\$
Group's ownership interest at 1 January	103,558
Effects of increase in Group's ownership interest	21,015
Share of comprehensive income	(39,718)
Group's ownership interest at 31 December 2015	<u>84,855</u>

23 Accounting estimates and judgements

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment loss on loans and receivables

The Group evaluates whether there is any objective evidence that loans and receivables are impaired and determines the amount of impairment loss as a result of the inability of the debtors to make required payments. The Group bases the estimates on the ageing of the loans and receivables balance, credit-worthiness of the debtors and historical write-off experience. If the financial conditions of the debtors were to deteriorate, actual write-offs would be higher than estimated.

Allowance for inventory obsolescence

The allowance for inventory obsolescence is based on estimates from historical trends and expected utilisation of inventories. Historical trends may not be reflective of the Group's future operations and as such, the actual amount of inventory write-offs could be higher or lower than the allowance made.

Valuation of deferred tax assets

The Group has potential tax benefits arising from unutilised tax losses, unabsorbed wear and tear allowances and other temporary differences, which are available for set-off against future taxable profits. Significant judgement is involved in determining the availability of future taxable profits against which the Group can utilise the tax benefits therefrom. The use of the potential tax benefits is also subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the subsidiaries operate. Where the final outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax provision and recognised deferred tax assets relating to the potential tax benefits in the period in which such determination is made.

NOTES TO THE FINANCIAL STATEMENTS

24 Financial instruments

Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

Risk management is integral to the whole business of the Group. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

The Audit Committee oversees management's monitoring of compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the Group's operations and risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

The Group has a credit policy in place which establishes credit limits for customers and monitors their balances on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group does not require collateral in respect of financial assets.

Cash and fixed deposits are placed with banks and financial institutions which are regulated.

Loans and receivables

Concentration of credit risk relating to loans and receivables is limited as the customers are widely dispersed, engage in a wide spectrum of manufacturing and distribution activities, and sell in a variety of end markets. The Group's historical experience in the collection of accounts receivable falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses inherent in the Group's trade receivables.

The maximum exposure to credit risk for loans and receivables at the reporting date (by type of customer) is:

	Group		Company	
	2016	2015	2016	2015
	\$	\$	\$	\$
Contractors	934,853	1,488,225	—	—
Dealers	1,500,707	1,548,527	—	—
Others	826,492	1,385,114	56,010	696,820
	3,262,052	4,421,866	56,010	696,820

At the reporting date, approximately 51% (2015: 36%) of the Group's loans and receivables generated were due from ten major customers.

NOTES TO THE FINANCIAL STATEMENTS

24 Financial instruments (cont'd)

Financial risk management (cont'd)

Impairment losses

The ageing of loans and receivables that were not impaired at the reporting date was:

	Group		Company	
	2016	2015	2016	2015
	\$	\$	\$	\$
Not past due	1,298,350	1,518,182	56,010	97,179
Past due 0 – 30 days	879,706	1,289,784	–	72,641
Past due 31 – 60 days	581,922	874,848	–	–
Past due 61 – 90 days	293,073	454,666	–	166,968
More than 90 days	209,001	284,386	–	360,032
	3,262,052	4,421,866	56,010	696,820

At each reporting date, the Group assesses whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

The Group believes that the amounts not impaired and are past due by more than 30 days are still collectible, based on historic payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings, when available.

Based on the Group's monitoring of customer credit risk, the company believes that, apart from the above, no impairment allowances is necessary in respect of trade receivables not past due or past due by up to 30 days.

The movement in the allowance for impairment in respect of loans and receivables during the year was as follows:

	Group		Company	
	2016	2015	2016	2015
	\$	\$	\$	\$
At 1 January	523,298	523,358	–	–
Impairment loss recognised	–	2,978	–	–
Reversal of impairment loss	(2,404)	–	–	–
Translation differences	12,234	(3,038)	–	–
At 31 December	533,128	523,298	–	–

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group manages its liquidity risk by matching the payment and receipt cycle to maintain sufficient cash and having credit facilities available to meet its funding requirements.

In the current year, the Company has net current liabilities of \$261,189. The Company has received an undertaking from the shareholder that they will not request for the repayment of the loan extended to the Company within the next twelve months from the balance sheet date. On this basis, there is reasonable grounds to believe that the Company will be able to continue to pay its liabilities as and when they fall due.

NOTES TO THE FINANCIAL STATEMENTS

24 Financial instruments (cont'd)

Financial risk management (cont'd)

Liquidity risk (cont'd)

The following are the contractual maturities of non-derivative financial liabilities, including interest payments and excluding the impact of netting agreements:

	Carrying amount \$	Contractual cash flows \$	Within 1 year \$	Within 2 to 5 years \$
Group				
2016				
Loan from a shareholder	330,000	(330,000)	(330,000)	—
Trade and other payables	1,642,700	(1,642,700)	(1,642,700)	—
	1,972,700	(1,972,700)	(1,972,700)	—
2015				
Obligation under finance lease	2,571	(2,924)	(2,924)	—
Secured bank loan	200,000	(212,000)	(212,000)	—
Trade and other payables	2,087,296	(2,087,296)	(2,087,296)	—
	2,289,867	(2,302,220)	(2,302,220)	—
Company				
2016				
Loan from a shareholder	330,000	(330,000)	(330,000)	—
Trade and other payables	124,049	(124,049)	(124,049)	—
	454,049	(454,049)	(454,049)	—
2015				
Trade and other payables	226,926	(226,926)	(226,926)	—

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to outstanding loans and borrowings.

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments, as reported to the management was as follows:

	Group Nominal amount	
	2016 \$	2015 \$
Fixed rate instruments		
Financial assets	728,120	659,390
Financial liabilities	—	(202,571)
	728,120	456,819

NOTES TO THE FINANCIAL STATEMENTS

24 Financial instruments (cont'd)

Financial risk management (cont'd)

Market risk (cont'd)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, in respect of the fixed rate instruments, a change in interest rates at the reporting date would not affect profit or loss.

Foreign currency risk

The Group incurs foreign currency risk on purchases and borrowings that are denominated in currencies other than Singapore dollar. The currencies giving rise to this foreign currency risk are primarily the Euro, Malaysia Ringgit and United States (US) dollar. The Group ensures that the net exposure to foreign exchange risk is kept to an acceptable level. The Group does not hedge its foreign currency exposure.

The Group's exposures to foreign currencies in Singapore dollar equivalent are as follows:

	←----- 2016 -----→			←----- 2015 -----→		
	Singapore dollar	Euro	US dollar	Singapore dollar	Euro	US dollar
	\$	\$	\$	\$	\$	\$
Group						
Trade and other receivables	122,390	19,873	574	99,238	—	—
Cash and cash equivalents	505	1,909	—	516	1,949	—
Trade and other payables	(9,400)	(182,008)	(123,000)	(294,531)	(266,196)	(55,523)
	113,495	(160,226)	(122,426)	(194,777)	(264,247)	(55,523)

Sensitivity analysis

A 10% strengthening of the respective foreign currencies against the Singapore dollar at the reporting date would decrease profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Group Profit/(loss) \$
2016	
Euro	(16,023)
US dollar	(12,243)
2015	
Euro	(26,425)
US dollar	(5,552)

A 10% weakening of the respective foreign currencies against the Singapore dollar would have the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

NOTES TO THE FINANCIAL STATEMENTS

24 Financial instruments (cont'd)

Financial risk management (cont'd)

Accounting classifications and fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	Note	Carrying amount			Fair value			
		Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		\$	\$	\$	\$	\$	\$	\$
Group								
31 December 2016								
Financial assets not measured at fair value								
Trade and other receivables*	9	3,262,052	—	3,262,052				
Cash and cash equivalents	10	2,876,986	—	2,876,986				
		<u>6,139,038</u>	<u>—</u>	<u>6,139,038</u>				
Financial liabilities not measured at fair value								
Loan from a shareholder	14	—	(330,000)	(330,000)				
Trade and other payables	15	—	(1,642,700)	(1,642,700)				
		<u>—</u>	<u>(1,972,700)</u>	<u>(1,972,700)</u>				
31 December 2015								
Financial assets not measured at fair value								
Trade and other receivables*	9	4,421,866	—	4,421,866				
Cash and cash equivalents	10	2,232,565	—	2,232,565				
		<u>6,654,431</u>	<u>—</u>	<u>6,654,431</u>				
Financial liabilities not measured at fair value								
Secured bank loan	13	—	(200,000)	(200,000)	—	(200,000)	—	(200,000)
Obligation under finance lease	13	—	(2,571)	(2,571)	—	(2,571)	—	(2,571)
Trade and other payables	15	—	(2,087,296)	(2,087,296)				
		<u>—</u>	<u>(2,289,867)</u>	<u>(2,289,867)</u>				

* Excludes prepayments

NOTES TO THE FINANCIAL STATEMENTS

24 Financial instruments (cont'd)

Financial risk management (cont'd)

Accounting classifications and fair values (cont'd)

Fair values versus carrying amounts (cont'd)

	Note	Carrying amount		
		Loans and receivables	Other financial liabilities	Total
		\$	\$	\$
Company				
31 December 2016				
Financial assets not measured at fair value				
Trade and other receivables*	9	56,010	—	56,010
Cash and cash equivalents	10	123,924	—	123,924
		179,934	—	179,934
Financial liabilities not measured at fair value				
Loan from a shareholder	14	—	(330,000)	(330,000)
Trade and other payables	15	—	(124,049)	(124,049)
		—	(454,049)	(454,049)
31 December 2015				
Financial assets not measured at fair value				
Trade and other receivables*	9	696,820	—	696,820
Cash and cash equivalents	10	159,933	—	159,933
		856,753	—	856,753
Financial liabilities not measured at fair value				
Trade and other payables	15	—	(226,926)	(226,926)

* Excludes prepayments

Fair value hierarchy

The table below analyse financial instruments carried at fair value by valuation method. The different levels of fair value have been defined as follows:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at measurement date;
- **Level 2:** inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);
- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE FINANCIAL STATEMENTS

24 Financial instruments (cont'd)

Financial risk management (cont'd)

Determination of fair values

Intra-group financial guarantees

The value of financial guarantees provided by the Company to its subsidiaries is determined by reference to the difference in the interest rates, by comparing the actual rates charged by the bank with these guarantees made available, with the estimated rates that the banks would have charged had these guarantees not been available. Management of the Group has determined the differentials and estimated the fair values of the intra-group financial guarantees and noted that they were not material at year-end.

Loans and borrowings

The fair value of loans and borrowings are determined based on discounted cash flows and the inputs considered observable used in the valuation technique are significant to the fair value measurement.

Other financial assets and liabilities

The carrying amounts of other financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business. The Board of Directors monitors the return on capital, which the Group defines as its results divided by total shareholders' equity, excluding non-controlling interests, and the Group's revenue and results before tax.

The Group's net debt to adjusted equity ratio at the end of the reporting period was as follows:

	2016 \$	2015 \$
Total liabilities	1,985,677	2,308,805
Less: cash and cash equivalents	(2,876,986)	(2,232,565)
Net debt	N.M.	76,240
Total equity	6,558,627	6,992,363
Net debt to equity ratio at 31 December	N.M.	0.01

N.M. – Not meaningful

There were no changes in the Group's approach to capital management during the year.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirement.

NOTES TO THE FINANCIAL STATEMENTS

25 Operating leases

Non-cancellable operating leases rentals are payable as follows:

	Group		Company	
	2016	2015	2016	2015
	\$	\$	\$	\$
Within one year	390,000	840,000	54,000	840,000
Between one and five years	372,000	—	36,000	—
	762,000	840,000	90,000	840,000

The Group leases several office premises, warehouse and factory facilities under operating leases. The leases typically run for an initial period of one to two years, with an option to renew the lease after that date. None of the leases includes contingent rentals.

26 Related parties

Key management personnel compensation

Key management personnel of the Group are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. The Group considered the directors of the Company and those of its subsidiaries as key management personnel.

	2016	2015
	\$	\$
Directors of the Company		
– Directors' fees	206,333	94,000
– Short-term employee benefits	152,233	104,025
– Contribution to defined contribution plans	11,139	9,747
	369,705	207,772
Other directors		
– Short-term employee benefits	72,240	103,726
– Advisory fees*	98,700	—
	170,940	103,726
Other key management personnel		
– Short-term employee benefits	80,233	104,025
– Contribution to defined contribution plans	11,906	11,258
	92,139	115,283
Total key management personnel compensation incurred by the Group	632,784	426,781

* The Group entered into a two-year contract with Aw Cheek Huat, a director of certain Group entities, for the provision of corporate advisory services to the Group.

27 Subsequent events

On 15 March 2017, the Singapore Exchange Securities Trading Limited (SGX-ST) granted its approval for the listing and quotation of 41,000,000 placement ordinary shares to be allocated and issued by the Company for a consideration of \$1,918,800 (\$0.0468 per new ordinary share). On 24 March 2017, the Company completed the placement of the new ordinary shares.

STATISTICS OF SHAREHOLDINGS

AS AT 24 MARCH 2017

Class of Shares	– Ordinary shares
Issued and Fully Paid-up Capital	– 178,337,290 ordinary shares
Voting Rights	– One Vote per share
Treasury Shares and subsidiary holdings	– Nil

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	1	0.11	10	0.00
100 – 1,000	204	21.94	198,955	0.11
1,001 – 10,000	432	46.45	2,329,540	1.31
10,001 – 1,000,000	270	29.03	41,999,105	23.55
1,000,001 and above	23	2.47	133,809,680	75.03
TOTAL	930	100.00	178,337,290	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	SHARES	%
1	RAFFLES NOMINEES (PTE) LIMITED	39,864,015	22.35
2	PHILLIP SECURITIES PTE LTD	12,777,000	7.16
3	CIMB SECURITIES (SINGAPORE) PTE LTD	10,090,123	5.66
4	ALL POWERFUL UNIVERSE INVESTMENT LIMITED	8,000,000	4.49
5	QUALITY ABLE LIMITED	8,000,000	4.49
6	SKY CONSULTANTS LIMITED	8,000,000	4.49
7	TAN KENG SOON	6,832,500	3.83
8	LI HUA	6,357,142	3.56
9	CITIBANK NOMINEES SINGAPORE PTE LTD	5,921,000	3.32
10	LIM AH HIONG	4,027,000	2.26
11	FOO CHEE JEOW & SONS HOLDINGS (PTE) LTD	3,163,000	1.77
12	NG CHOON NGOI @ NG CHOON NGO	3,032,900	1.70
13	CHEE SUWEN	2,800,000	1.57
14	CHARLESTON HOLDINGS PTE LTD	2,233,000	1.25
15	LIM CHAN LOK	2,233,000	1.25
16	HARPAL SINGH	1,571,000	0.88
17	CHAN HOE YIN @ CHAN PAK YIN	1,540,000	0.86
18	ZAHEER K MERCHANT	1,500,000	0.84
19	XIA ZHENG	1,365,000	0.77
20	ONG BOON SING	1,273,000	0.71
TOTAL		130,579,680	73.21

STATISTICS OF SHAREHOLDINGS

AS AT 24 MARCH 2017

SUBSTANTIAL SHAREHOLDERS AS AT 24 MARCH 2017

(As recorded in the Register of Substantial Shareholders)

No.	Name	Direct Interest		Deemed Interests	
		No. of shares held	%	No. of shares held	%
1.	Prosperity Luck Overseas Inc. ⁽¹⁾	—	—	39,827,815	22.33
2.	Aim Billion Investment Ltd ⁽²⁾	—	—	39,827,815	22.33
3.	Wong Siu Fai ⁽³⁾	—	—	39,827,815	22.33

Notes:

- (1) Prosperity Luck Overseas Inc. ("PLO") is deemed interested in 39,827,815 Shares held through Credit Suisse AG Singapore Branch by virtue of Section 7 of the Companies Act.
- (2) Aim Billion Investments Ltd ("Aim") is deemed interested in the Shares held by PLO through its 100% interest in the issued share capital of PLO.
- (3) Wong Siu Fai is deemed interested in the Shares held by PLO through his 100% interest in the issued share capital of Aim.

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

As at 24 March 2017, 77.67% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual Section B: Catalist Rules of the SGX-ST which requires 10% of the equity securities (excluding preference shares and convertible equity securities) in a class that is listed to be in the hands of the public.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (“AGM”) of Sunrise Shares Holdings Ltd. (the “Company”) will be held at Room 332, Level 3 Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City Singapore 039593 on Wednesday, 26 April 2017 at 10.00 a.m. for the following purposes:

ORDINARY BUSINESS

1. To receive and consider the Audited Financial Statements and Directors’ Statement of the Company and the Group for the financial year ended 31 December 2016 together with the Independent Auditors’ Report thereon. **(Resolution 1)**
2. To re-elect the following Directors of the Company who retire pursuant to Regulation 97 of the Constitution of the Company:

Mr Zhang Zhi Liang	(Retiring under Regulation 97)	(Resolution 2)
Mr Ng Clarence Kar Lung	(Retiring under Regulation 97)	(Resolution 3)
Mr Chew Vincent	(Retiring under Regulation 97)	(Resolution 4)
Mr Zheng Aimin	(Retiring under Regulation 97)	(Resolution 5)
Mr Tang An	(Retiring under Regulation 97)	(Resolution 6)

[See Explanatory Note (i)]
3. To approve the payment of Directors’ fees of S\$206,333 for the financial year ended 31 December 2016 (FY2015: S\$94,000) **(Resolution 7)**
4. To re-appoint Messrs KPMG LLP as Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 8)**
5. To transact any other ordinary business which may properly transacted at an AGM.

SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as an Ordinary Resolution, with or without any modifications:

6. **Authority to issue shares in the capital of the Company pursuant to Section 161 of the Companies Act, Chapter 50 and Rule 806 of the Listing Manual – Section B: Rules of the Catalist of the Singapore Exchange Securities Trading Limited**

“That, pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the “Companies Act”) and subject to Rule 806 of the Listing Manual – Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (“SGX-ST”) (“Catalist Rules”), authority be and is hereby given to the Directors of the Company to:

- (a) (i) allot and issue shares in the capital of the Company (“shares”) whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively “Instruments”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures, convertible securities or other instruments convertible into shares,

at any time during the continuance of this authority or thereafter and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

NOTICE OF ANNUAL GENERAL MEETING

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

(the “**Share Issue Mandate**”)

provided that:

- (i) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued pursuant of the Instruments made or granted pursuant to this Resolution) does not exceed one hundred percent (100%) of the of the total number of issued shares excluding treasury shares and subsidiary holdings (as calculated in accordance with sub-paragraph (iii) below) or such other limit as may be prescribed by the Catalist Rules as at the date this Resolution is passed,
- (ii) the aggregate number of shares to be issued other than on a *pro-rata* basis to existing shareholders of the Company shall not be more than fifty percent (50%) of the total number of issued shares excluding treasury shares and subsidiary holdings (including Shares to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) (as calculated in accordance with sub-paragraph (iii) below) or such other limit as may be prescribed by the Catalist Rules as at the date this Resolution is passed;
- (iii) (subject to such manner of calculation and adjustments as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-para (i) and (ii) above, the percentage of the total number of issued shares excluding treasury shares and subsidiary holdings shall be based on the total number of issued shares excluding treasury shares and subsidiary holdings of the Company at the date this Resolution is passed after adjusting for:–
 - (a) new shares arising from the conversion or exercise of any convertible securities outstanding and/or subsisting at the time this authority is given;
 - (b) new shares arising from the exercise of share options or vesting of share awards outstanding and/or subsisting at the time of the passing of this Resolution provided the share options or share awards, were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
 - (c) any subsequent bonus issue, consolidation or subdivision of the Company’s shares;
- (iv) in exercising the authority conferred by this Resolution, the Directors shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act and otherwise, and the Constitution for the time being of the Company; and
- (v) (unless revoked or varied by the Company in general meeting), the authority conferred by this Resolution shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier.”

[See Explanatory note (ii)]

(Resolution 9)

By Order of the Board

Shirley Tan Sey Liy
Company Secretary
Singapore, 10 April 2017

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

- (i) Mr Ng Clarence Kar Lung will, upon re-election as Director of the Company, remains as a member of the Nominating Committee and will be considered non-independent for the purpose of Rule 704(7) of the Catalist Rules.

Mr Chew Vincent will, upon re-election as Director of the Company, remains as a member of the Audit Committee and Remuneration Committee and will be considered non-independent for the purpose of Rule 704(7) of the Catalist Rules.

Mr Zheng Aimin will, upon re-election as Director of the Company, remains as the Chairman of the Remuneration Committee and Nominating Committee and a member of the Audit Committee and will be considered independent for the purpose of Rule 704(7) of the Catalist Rules.

Mr Tang An will, upon re-election as Director of the Company, remains as the Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration Committee and will be considered independent for the purpose of Rule 704(7) of the Catalist Rules.

- (ii) Resolution 9, if passed, will authorise and empower the Directors of the Company from the date of the above AGM until the next AGM to allot and issue Shares and/or convertible securities. The aggregate number of Shares and/or convertible securities which the Directors may allot and issue under this Resolution shall not exceed in aggregate one hundred percent (100%) of the total issued Shares excluding treasury shares and subsidiary holdings, of which the total number of Shares and/or convertible securities issued other than on a pro-rata basis to existing shareholders shall not exceed fifty percent (50%) of the total issued Shares excluding treasury shares and subsidiary holdings at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held, whichever is earlier. However, notwithstanding the cessation of this authority, the Directors are empowered to issue shares pursuant to any Instruments issued under this authority.

Notes:

1. A Member of the Company (other than a Relevant Intermediary*) entitled to attend and vote at the AGM (the “**Meeting**”) is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.
2. Where a member (other than a Relevant Intermediary*) appoints two proxies, he/she shall specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy in the instrument appointing the proxies.
3. A Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).
4. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. The appointment of proxy must be executed under seal or the hand of its duly authorised officer or attorney in writing.
5. The instrument appointing a proxy or proxies must be deposited at the Registered Office of the Company at Six Battery Road #10-01 Singapore 049909 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

* A Relevant Intermediary is:

- (a) a banking corporation licensed under the Banking Act (Chapter 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

NOTICE OF ANNUAL GENERAL MEETING

PERSONAL DATA PRIVACY

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

*This notice has been reviewed by the Company's Sponsor, RHT Capital Pte. Ltd. ("**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").*

The Sponsor has not independently verified the contents of this notice. This notice has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this notice including the correctness of any of the statements or opinions made or reports contained in this notice.

The contact person for the Sponsor is:–

Name: Mr. Mah How Soon, Registered Professional, RHT Capital Pte. Ltd.

Address: Six Battery Road, #10-01, Singapore 049909

Tel: (65) 6381 6757

SUNRISE SHARES HOLDINGS LTD.

(Formerly known as ITE Electric Co Ltd)

(Company Registration No. 198201457Z)

(Incorporated In the Republic of Singapore)

ANNUAL GENERAL MEETING

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investors") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.
2. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, _____ (Name) _____ (NRIC/Passport No)

of _____ (Address)

being *a member/members of **SUNRISE SHARES HOLDINGS LTD.** (the "**Company**"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

*and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

as *my/our proxy/proxies to vote for *me/us on *my/our behalf at the Annual General Meeting (the "**Meeting**") of the Company to be held at Room 332, Level 3 Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City Singapore 039593 on Wednesday, 26 April 2017 at 10.00 a.m. and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her discretion.

No.	Resolutions relating to:	No. of votes 'For'***	No. of votes 'Against'***
Ordinary Business			
1	Audited Financial Statements and Directors' Statement for the financial year ended 31 December 2016		
2	Re-election of Mr Zhang Zhi Liang as a Director		
3	Re-election of Mr Ng Clarence Kar Lung as a Director		
4	Re-election of Mr Chew Vincent as a Director		
5	Re-election of Mr Zheng Aimin as a Director		
6	Re-election of Mr Tang An as a Director		
7	Approval of Directors' fees for the financial year ended 31 December 2016		
8	Re-appointment of Messrs KPMG LLP as Auditors of the Company and to authorise the Directors of the Company to fix their remuneration		
Special Business			
9	Authority to allot and issue shares		

**If you wish to exercise all your votes 'For' or 'Against', please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2017

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

Signature of Shareholder(s)

and, Common Seal of Corporate Shareholder

*Delete where inapplicable

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members of the Company, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, this instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company (other than a Relevant Intermediary*) is entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend, speak and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member (other than a Relevant Intermediary*) appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. A Relevant Intermediary may appoint more than two proxies to attend, speak and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member (which number or class of shares shall be specified).
5. Subject to note 9, completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to admit any person or persons appointed under the instrument of proxy to the Meeting.
6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at Six Battery Road #10-01 Singapore 049909 not less than 48 hours before the time appointed for holding the Meeting.

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7. The instrument appointing a proxy or proxies must be signed by the appointor or his attorney duly authorized in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorized. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power attorney or duly certified copy thereof must be lodged with the instrument.
8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Singapore Companies Act, Chapter 50.
9. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investors") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

* A Relevant Intermediary is:

- (a) a banking corporation licensed under the Banking Act (Chapter 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

General:

The Company shall be entitled to reject an instrument of proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting an instrument appointing proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 10 April 2017.

2nd fold

Affix
Stamp
here

**SUNRISE SHARES HOLDINGS LTD.
SIX BATTERY ROAD #10-01
SINGAPORE 049909**

3rd fold



SINGAPORE

SUNRISE SHARES HOLDINGS LTD.

REGISTERED OFFICE:
SIX BATTERY ROAD #10-01
SINGAPORE 049909

MAILING ADDRESS:

F19-G, KINGS WING PLAZA 1,
NO.3 ON KWAN STREET, SHEK MUN, SHATIN,
N.T. HONG KONG
TEL: (852) 3792-0318
FAX: (852) 3620-3326
E-MAIL: SunriseShares@126.com

ITE ELECTRIC SYSTEMS CO PTE. LTD.

1 HARRISON ROAD
#01-01 ITE ELECTRIC BUILDING
SINGAPORE 369652
TEL: (65) 6285 2233, 6286 9933
FAX: (65) 6284 3256, 6284 3452
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E-MAIL: ite@ite.com.sg

MALAYSIA

ELECTECH DISTRIBUTION SYSTEMS SDN BHD

NO. 16-1, JALAN 6/89 B,
KAWASAN PERINDUSTRIAN TRISEGI,
BATU 3½, OFF JALAN SUNGAI BESI,
57100 KUALA LUMPUR, MALAYSIA
TEL: (60) 03-7981 8950
FAX: (60) 03-7981 8953
E-MAIL: info@edsm.com.my

ELECTECH MANUFACTURING SDN BHD

NO.5, JALAN PERSIARAN MEGA A,
TAMAN INDUSTRI MEGA,
43500 SEMENYIH,
SELANGOR DARUL EHSAN, MALAYSIA
TEL: (60) 03-8723 1988, 8723 1989
FAX: (60) 03-8723 1998
E-MAIL: michaelllee@edsm.com.my