



SUNRISE SHARES HOLDINGS LTD.

ANNUAL
REPORT
2022

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This annual report has been reviewed by the Company's sponsor, Provenance Capital Pte. Ltd. ("**Sponsor**"), for compliance with the SGX-ST Listing Manual Section B: Rules of Catalist.

This annual report has not been examined or approved by the Singapore Exchange Securities Trading Limited ("**Exchange**") and the Exchange 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 Ms Wong Bee Eng, Chief Executive Officer, at 96 Robinson Road, #13-01, SIF Building, Singapore 068899, Telephone: (65) 6227 5810, Email: wongbe@provenancecapital.com.

LETTER TO SHAREHOLDERS

On behalf of the Board of Directors at Sunrise Shares Holdings Ltd. (“**Company**”) and together with its subsidiaries (the “**Group**”), I am 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 2022 (“**FY2022**”).

PERFORMANCE REVIEW AND SIGNIFICANT EVENTS

The Group’s main business activity is in the provision of consultancy management services mainly in relation to hotel and apartment consulting management services in China. The real estate market in China had continued to be challenging during FY2022 as many of the epidemic control measures related to the COVID-19 pandemic were still in place in China. This had a direct adverse impact on our business.

In FY2022, the Group reported revenue of S\$400k, a decrease of 31% or S\$177k from S\$577k in FY2021. Revenue of the Group in FY2022 was derived from the consultancy service and management agreements with New Zealand Nan Fang Investment Limited (“**NZ Nan Fang**”) and Nan Fang (Singapore) Investment Fund Management Pte. Ltd. (“**Nan Fang Singapore**”) which were terminated on 30 June 2022. Expenses had, however, increased significantly to S\$1.6 million in FY2022 from S\$0.5 million in FY2021 due to higher administrative expenses (higher professional fees of S\$0.9 million) and other expenses (loss on forex trading activities and related commission of S\$0.7 million). As a result, the Group incurred a loss of S\$1.9 million for FY2022. The Board is not recommending any dividend for FY2022 in view of the losses incurred and as the Group intends to conserve its cash in anticipation of an overall challenging business environment.

Following shareholders’ approval for the adoption of a general mandate for interested person transactions (“**IP General Mandate**”) on 29 December 2022, the Group had on 30 December 2022 entered into a consultancy and management service agreement with Hong Kong Sunrise Asset Management (“**HKSAM**”), a company wholly owned by Mr Wong Siu Fai, the Executive Director and Chairman of the Company. However, as the real estate business in China had continued to remain weak despite the gradual re-opening of the economy in China, HKSAM had no new business in both Hong Kong and China, and the consultancy agreement with HKSAM was terminated on 22 March 2023.

Presently, the Group has 2 existing consultancy contracts on hand, one with Zhuhai Tonglin Village Eco-Tourism Development Limited (珠海桐林村生态旅游开发有限公司) and the other with Zhuhai Mucun Construction Engineering Co., Ltd. (珠海木村建设工程有限公司), which are entered into on 23 March 2023 and 17 May 2023 respectively.

During FY2022 and up to May 2023, the Company had to address various matters including the following:

- (a) the disclaimer of opinion issued by the former external auditors of the Company on 20 May 2022 in respect of the audited financial statements of the Group for FY2021 which had resulted in the appointment of the Independent Reviewer on 1 October 2022, Virtus Assure Pte. Ltd. (“**Virtus Assure**”), to review certain contracts (“**Contracts**”) mentioned in the disclaimer of opinion and to determine whether these Contracts were interested person transactions (“**IPTs**”) or related party transactions (“**RPTs**”). On 27 November 2022, the Company announced that the Independent Reviewer had completed its review and had concluded that there was no evidence to deem the Contracts as IPTs or RPTs. Regrettably, the inconvenience brought about by the above had affected the contracts with NZ Nan Fang and Nan Fang Singapore which were terminated on 30 June 2022;
- (b) as the former external auditors did not seek re-appointment upon the conclusion of the FY2021 audit, the Company had to convene an extraordinary general meeting on 7 December 2022 to seek shareholders’ approval for the appointment of PKF-CAP LLP as its external auditors for FY2022;
- (c) to strengthen its internal control processes, the Company had appointed Virtus Assure on 16 March 2023 as its internal auditors to assist the Company in reviewing its internal controls and risk management systems for FY2022;
- (d) on 2 March 2023, the Company released its unaudited full year results for FY2022 disclosing errors in the recording of revenue of S\$409k in relation to funds withdrawn from a forex trading platform and the omission of loss on forex trading of S\$692k from the forex trading platform with respect to the unaudited results announcement for the first half year ended 30 June 2022;
- (e) on 28 March 2023, the Company gave written notice to terminate the former Sponsor and appointed the current Sponsor on 1 May 2023;
- (f) on 3 April 2023, Mr Wong Siu Fai resigned as the Executive Director and Chairman of the Company for personal health reasons; and
- (g) in May 2023, the Company obtained approvals from the SGX-ST and ACRA for an extension of time to convene the AGM for FY2022 by 30 June 2023 and 29 June 2023 respectively.

LETTER TO SHAREHOLDERS

Details of the above are disclosed in the Company's announcements and other public documents available on the SGXNET.

OUTLOOK

With the gradual re-opening of the economy in China and elsewhere, I am cautiously optimistic of the outlook of the Group barring unforeseen circumstances. We will continue to work tirelessly to secure new contracts for the Group, while also pursuing opportunities that can add value to shareholders.

APPRECIATION

On behalf of the Board, I would like to thank our ex-Chairman, former external auditor and former sponsor for their past contribution and support to the Company. I would also like to thank our management and staff for their contribution and dedication in helping the Group overcome the many obstacles. I would also like to express my gratitude to our customers and business partners for their support and faith in us all this while. Finally, I would like to thank our shareholders for their unwavering support over the years. We look forward to your continual support as we strive to create greater shareholder value for everyone.

Sunrise Shares Holdings Ltd.

Liang Yongdong

Chief Executive Officer

13 June 2023

FINANCIAL REVIEW

FINANCIAL PERFORMANCE

Revenue from operations decreased by 31% or S\$177k, from S\$577k in FY2021 to S\$400k in FY2022. Revenue in FY2022 was derived from the consultancy service and management agreements with NZ Nan Fang and Nan Fang Singapore, which were terminated on 30 June 2022.

During the year, the interest income decreased by 82% or S\$419k, from S\$508k in FY2021 to S\$89k in FY2022. The interest income earned in FY2022 pertains mainly to bank interest of S\$20k earned from the Group's subsidiaries in China, interest of S\$56k received in the first half year of FY2022 ("**1HY2022**") for a secured loan to Shenzhen Xudao Property Development Co. Ltd (深圳市旭道房地产开发有限公司) ("**Shenzhen Xudao**") and interest of S\$10k received in 1HY2022 from a secured loan to Nan Fang Singapore.

Selling and distribution expenses decreased by 85% or S\$2.3k, from S\$2.7k in FY2021 to S\$0.4k in FY2022, as minimal sales and distribution activities were conducted during FY2022.

Administrative expenses increased by 58% or S\$559k from \$964k in FY2021 to S\$1.5 million in FY2022. This was due mainly to an increase in professional fees by S\$631k and auditors fee by S\$58k despite lower staff costs by S\$138k.

Other expenses increased significantly by S\$629k from S\$57k in FY2021 to S\$686k in FY2022 due mainly to loss on forex trading activities on the forex trading platform (S\$570k) and commission paid to forex trading activities (S\$117k) which were incurred in 1HY2022. The Company had placed a deposit of US\$800k (S\$1.1 million) with a third-party agent in relation to forex trading on a forex trading platform in early January 2022. A total of US\$300k was withdrawn from the account in February/March 2023 and a loss of approximately US\$500k (S\$686k) was incurred in FY2022. As at 31 December 2022, the trading account has a balance of US\$2.2k (S\$2.8k). The Company had on 12 June 2019 obtained shareholders' approval for the business diversification of the Group to include investment business which also include forex trading activities.

As a result of the above, the Group reported a net loss after tax of S\$1.9 million in FY2022 compared to a profit after tax of S\$68k in FY2021.

FINANCIAL POSITION

The Group does not have any non-current assets or non-current liabilities as at 31 December 2022.

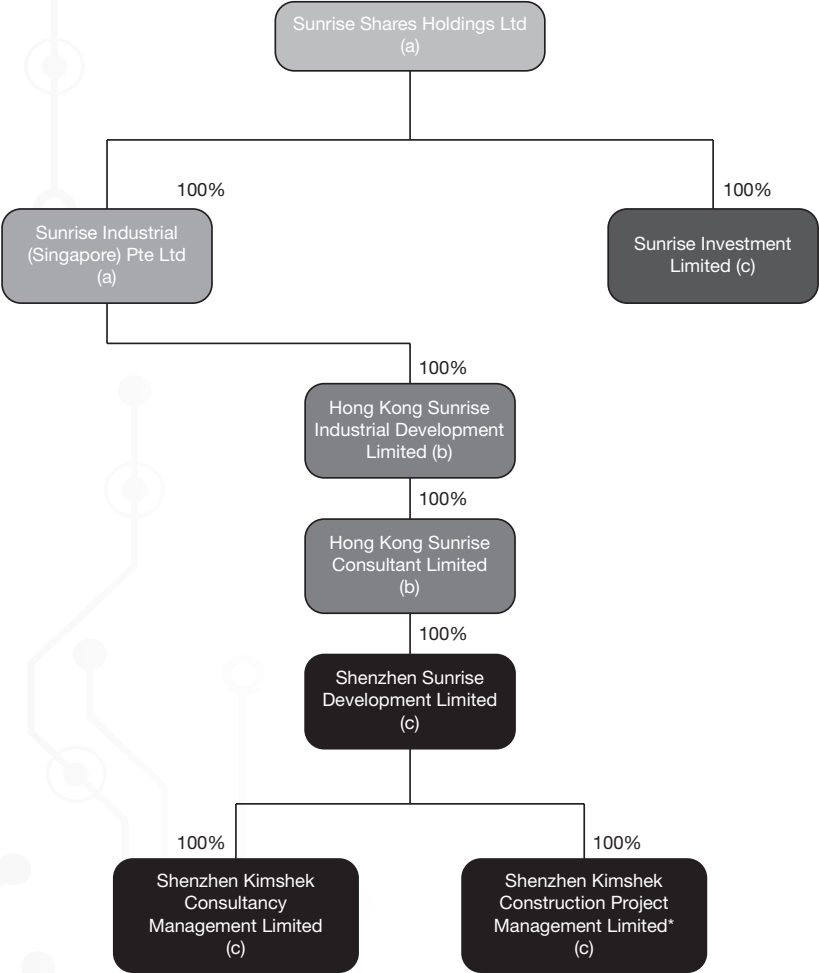
Total assets decreased by S\$2.3 million due mainly to decrease in trade and other receivables as a result of the repayment of short-term investment loans extended by the Group to Nan Fang Singapore and Shenzhen Xudao in January 2022 totalling S\$4.0 million, and offset to some extent by the increase in cash balances of S\$1.9 million.

Total liabilities decreased by S\$0.4 million due mainly to lower trade and other payables (S\$48k) and tax payable (S\$148k) and the absence of loan from shareholder, contract liability and lease liabilities which had balances as at 31 December 2021 but not as at 31 December 2022.

As at 31 December 2022, total equity of the Group had decreased by S\$1.9 million from S\$5.7 million as at 31 December 2021 to S\$3.8 million as at 31 December 2022 due to net losses after tax incurred in FY2022.

The Group has positive working capital of S\$3.8 million as at 31 December 2022 comprising substantially cash balances as the Group does not have any bank borrowings as at 31 December 2022.

GROUP STRUCTURE



Note
Subsidiary in Singapore
Subsidiary in Hong Kong
Subsidiaries in Cayman
Subsidiaries in China

- (a) Audited by PKF-CAP LLP
- (b) Audited by PKF Hong Kong
- (c) Audited by PKF for group consol purpose

* Changed name to Shenzhen Zhongtong Apartment Management Limited with effect from 10 May 2023.

BOARD OF DIRECTORS

MR WONG SIU FAI

Executive Director and Chairman

Mr Wong Siu Fai (“**Mr Wong**”) was the Executive Chairman of the Company and was first appointed to the Board as an Executive Director on 13 September 2019. He was appointed as Executive Chairman on 13 November 2019.

Mr Wong is the controlling shareholder of the Company. Since March 1993, Mr Wong is the Senior Adviser of Guangdong Sunrise Group Limited.

Mr Wong holds a Master degree in Business Management from Shenzhen University, China.

Mr Wong has resigned from the Company on 3 April 2023.

MR ZHENG AIMIN

Lead Independent Director

Mr Zheng Aimin (“**Mr Zheng**”) is the Lead Independent Director of the Company and was first appointed to the Board as an Independent Non-Executive Director on 9 September 2016. He was appointed as the Independent Non-Executive Chairman on 8 June 2018 and ceased as Chairman of the board on 13 November 2019. He is also the Chairman of the Nominating Committee (“**NC**”) and the Remuneration Committee (“**RC**”), as well as a member of the Audit Committee (“**AC**”).

Mr Zheng is currently the director, substantial shareholder and legal representative of Shenzhen Zhengqi Asset Management Co., Ltd. and Shenzhen Zhujia Technology Limited.

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

BOARD OF DIRECTORS

MR WANG ZIQUAN

Independent Director

Mr Wang Ziquan (“**Mr Wang**”) was appointed to the Board as an Independent Director on 11 February 2019. He is a member of the AC, NC and RC.

Mr Wang is currently a business analyst of ZF Asia Pacific Pte. Ltd.. From 2015 to 2017, he was the supply chain planner of Prysmian Group and Pall Corporation. From 2021 to present, he is the director of Yunyi Musical Education Centre Pte. Ltd..

Mr Wang holds a Bachelor of Industrial and Management Engineering from National University of Singapore.

MR TANG AN

Independent Director

Mr Tang An (“**Mr Tang**”) was appointed to the Board as an Independent Director on 9 September 2016. He is the Chairman of the AC and a member of the NC and the RC.

Mr Tang is currently the managing partner and chief accountant of Shenzhen Changping Accounting Firm. Presently, he is the independent director of KeXing Bio-pharmaceutical Co., Ltd., Shenzhen AoNi Electronic Holdings Limited and Hubei Mailyard Share Co., Ltd.

Mr Tang holds a Master of Business Administration from the Nankai University, and a Bachelor of Law degree from Dongbei University of Finance and Economics. In addition, Mr Tang is a Certified Public Accountant in China and an affiliated member of the Association of International Accountants, and also holds the Certification of Securities Professional issued by the Securities Association of China.

KEY MANAGEMENT

MR LIANG YONGDONG is the Chief Executive Officer of the Company and is responsible to ensure efficiency of business process and overseeing the execution of strategies and policies as established by the Board. He joined the Company on 28 January 2022. He is the legal representative and executive director of Shenzhen Sunrise Development Limited, Shenzhen Kimshek Construction Project Management Limited and Shenzhen Kimshek Consultancy Management Limited. Mr Liang holds an Undergraduate of Visual Communication Design from Hunan International Economics University.

MR HUANG RUI was the Vice President of the Company and was responsible for the Company's overall development of strategy plan and business plan, and be responsible for the organization and implementation of daily operations and management. He joined the Company on 8 March 2019. From 2010 to 2011, he was the manager of publicity to the executive's office for Shenzhen Overseas Chinese Town Holding Company Limited. From 2011 to 2013, he was the manager of marketing and sales for Ping An Insurance Company, and from 2013 to 2019, he was the assistant to the president for Guangdong Sunrise Group Company Limited. From 2019 to February 2022, he was the director of Hong Kong Sunrise Consultant Limited. Mr Huang holds a Bachelor of Art from Auckland University.

Mr Huang has resigned from the Company on 13 February 2022.

MS HUANG ANGELA ON YEE was the Vice President of the Company and was responsible for the Company's overall development strategy, develop strategy plan and business plan, and be responsible for the organization and implementation of daily operations and management. She joined the Company on 8 March 2019. From 2016 to 2021, she was the director of Hong Kong Sunrise Development Limited, and from 2017 to 2021, she was the director of Sunrise Investment Limited. Ms Huang holds a Bachelor of Journalism and Communication from Hang Seng University.

Ms Huang has resigned from the Company on 15 October 2022.

CORPORATE INFORMATION

BOARD OF DIRECTORS:

Wong Siu Fai
(Executive Director and Chairman)
(Resigned on 3 April 2023)

Zheng Aimin
(Lead Independent Director)

Tang An
(Independent Director)

Wang Ziquan
(Independent Director)

AUDIT COMMITTEE:

Tang An (Chairman)
Zheng Aimin
Wang Ziquan

NOMINATING COMMITTEE:

Zheng Aimin (Chairman)
Tang An
Wang Ziquan

REMUNERATION COMMITTEE:

Zheng Aimin (Chairman)
Tang An
Wang Ziquan

CHIEF EXECUTIVE OFFICER:

Liang Yongdong
(Appointed on 28 January 2022)

COMPANY SECRETARY:

Shirley Tan Sey Liy (MSc Mgmt (Hons) (UCD), FCS, FCG)

AUDITORS:

PKF-CAP LLP
6 Shenton Way
#38-01, OUE Downtown 1
Singapore 068809

Partner in charge:
Mr Titus Kuan Tjian
(Appointed since the financial year ended 2022)

BANKERS:

United Overseas Bank Limited
DBS Bank Ltd
Shanghai Pudong Development Bank
The Hongkong and Shanghai Banking Corporation Limited
China CITIC Bank
Ping An Bank Co Ltd and Credit Suisse Group AG

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Singapore 049712

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Tel: +65 6408 3800
Fax: +65 6408 3801
Email: SunriseShares@126.com

SHARE REGISTRAR:

In.Corp Corporate Services Pte. Ltd.
30 Cecil Street, #19-08
Prudential Tower
Singapore 049712

SPONSOR:

Asian Corporate Advisors Pte. Ltd.
160 Robinson Road
#21-05 SBF Center
Singapore 068914
(Ceased as Sponsor with effect from 1 May 2023)

Provenance Capital Pte. Ltd.
96 Robinson Road
#13-01 SIF Building
Singapore 068899
(Appointed as Sponsor with effect from 1 May 2023)

SUSTAINABILITY REPORT

1. BOARD'S MESSAGE

Dear Stakeholders,

The Company would like to present the Sustainability Report for FY2022.

This Sustainability Report sets out our commitment to creating a sustainable business model, where adopting the sustainable practices in the environment, social and governance (“**ESG**”) areas are important to our businesses.

The board of directors of the Company (“**Board**” or “**Directors**”) has been involved in the Group’s sustainability efforts by overseeing Management’s responsibilities in identifying, managing, and monitoring material ESG topics. The Group will continue to address our challenges and drive long-term growth while mitigating the environmental and social risks that might have a negative financial impact on our businesses. In FY2022, the Company had continued to adopt the Global Reporting Initiative (“**GRI**”) Standards.

Management reviews the business and operational activities of the Group regularly to identify areas of significant business risk as well as appropriate measures to control and mitigate these risks. More information on precautionary measures, corporate governance practices and risk management structure is included in the Corporate Governance Report in our FY2022 Annual Report.

The COVID-19 global pandemic and the war in Ukraine have impacted our economy and our businesses in unprecedented ways. Although gradual recovery from the impact of the COVID-19 pandemic is underway, the real estate business in China had been greatly affected and had remained weak in FY2022, coupled with the impact from other economic factors such as rising inflation rates, rising costs and financing issues faced by many real estate developers.

Despite the challenges, it has made us more aware that as a Group, we should pay more attention to sustainability, social well-being, environmental climate actions and to pursue long-term sustainability in our businesses.

On behalf of the Board, I would like to express my gratitude to our customers, business partners and shareholders for their unwavering support over the years. We look forward to your continued support as we strive to build a more sustainable business for a better world.

Lead Independent Director

Mr Zheng Aimin

13 June 2023

SUSTAINABILITY REPORT

2. CORPORATE PROFILE

Listed on the Catalist board of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), the Company is an investment holding company and its subsidiaries are primarily involved in the provision of property consultancy, management and related services in China.

3. OUR SUSTAINABILITY EFFORTS

Our Vision

To expand and diversify our businesses, grow our customer base and increase our product and service offerings, to be a well-known quality brand domestically and internationally.

Our Mission

To produce and develop quality products and services at competitive prices while building a sustainable corporate culture, and to serve our customers with utmost integrity.

Sustainability Philosophy

The Group strives to incorporate sustainable practices in our provision of property consultancy and management services to our clients, for instance, by advising and assisting our clients to incorporate more sustainable designs and concepts, and utilise more sustainable materials in their property-related projects.

Sustainability Targets and Performance

We aim to achieve zero health and safety incidents in our operations and endeavour to minimise or reduce negative impact on our environment when carrying out our operations.

Below is a summary of our sustainability performance in FY2022 and targets for FY2023.

Sustainability Performance in FY2022	
FY2022 Target	Performance Update
Zero incidence of environmental non-compliance for our clients and our own operations	Achieved zero incidence of environmental non-compliance for our clients and our own operations
Zero health and safety incidence for our clients and our own operations	Achieved zero product health and safety incidence for our clients and our own operations
Sustainability Targets for FY2023	
FY2023 Target	Action Plan
Zero incidence of environmental non-compliance for our own operations	To maintain strict compliance with environmental laws and regulations for our own operations
Zero product health and safety incidence for our own operations	To maintain strict compliance with health and safety laws and regulations for our own operations

SUSTAINABILITY REPORT

4. STAKEHOLDER ENGAGEMENT

The Group believes that stakeholder engagement is integral to the building of a sustainable business. We determine our sustainability issues based on their materiality to stakeholders. We actively engage in meaningful and productive dialogues with our stakeholders and participate in various industry and government forums to keep abreast of any material stakeholder issues.

We identify key stakeholders as groups which could materially impact or could potentially be impacted by our operations. The following table summarises our key stakeholders, engagement platforms and their key concerns.

Stakeholders	Engagement platforms	Key concerns
Customers	<ul style="list-style-type: none"> • Customer visits or meetings • Seminars or exhibitions • Periodical business review 	<ul style="list-style-type: none"> • Quality of services • Pricing • Safety • Sustainable solutions
Employees	<ul style="list-style-type: none"> • Regular management meetings with staff • Performance appraisal system • Social events with employees, internal emails and announcements 	<ul style="list-style-type: none"> • Employee policies • Remuneration • Staff benefits • Ethics and conduct • Compliance with local labour laws • Talent management and training
Governments and regulators	<ul style="list-style-type: none"> • Seminars by local government agencies • Participation in discussions and consultations • Ongoing dialogues • Regular compliance updates and submission 	<ul style="list-style-type: none"> • Compliance with applicable laws and regulations • Timely reporting of issues
Shareholders and investors	<ul style="list-style-type: none"> • Annual and sustainability reports • Investor relations management • Annual general meetings/ extraordinary general meetings 	<ul style="list-style-type: none"> • Economic value generated • New projects and strategic plans

5. REPORTING PRACTICE

This Sustainability Report has been developed with reference to the GRI Standards' "Core" option, covering our Group's performance from 1 January 2022 to 31 December 2022.

The GRI Standards represent the global best practices for reporting on economic, environmental and social topics. The Group has adopted the GRI Standards as it has established norms for how companies present information on sustainability. This allows our investors, potential investors and other interest parties to easily compare different companies and measure their progress in key areas relating to sustainability.

Moreover, adopting GRI Standards helps the Group in defining materiality and thus priorities, creating accountability, identifying and managing long term risk and sharing information in a transparent and uniform manner.

This Sustainability Report also incorporates the primary components of report content as set out by the SGX-ST's "Comply or Explain" requirements on sustainability reporting under Rule 711B of the Catalist Rules. We have made efforts to present the Sustainability Report in good faith and to the best of our ability while recognising that we are continuously working to improve our data collection procedures. We did not seek any external assurance for this report.

This Sustainability Report should be read together with the Group's FY2022 Annual Report. Detailed section references with GRI Standards are found in Section 10 of this Sustainability Report under the caption "GRI Standards Content Index".

The Group's material topics are identified based on its impact on our internal and external stakeholders, as outlined in the Stakeholder Engagement section of this Sustainability Report.



Material Topics
GOVERNANCE
GRI 205: Anti-corruption
ENVIRONMENTAL
GRI 307: Environmental Compliance
SOCIAL
GRI 401: Employment
GRI 403: Occupational Health and Safety
GRI 404: Training and Education
GRI 405: Diversity and Equal Opportunity

SUSTAINABILITY REPORT

The Company continues to reaffirm its commitment towards sustainability with an annual Sustainability Report aimed to provide stakeholders with a holistic and transparent account of the Group's sustainability approach, initiatives and performance in the ESG aspects.

Each year, we use a structured process to select the Sustainability Report's content and confirm its relevance and prominence, particularly in relation to the environment and society.

Below is the risk matrix that identifies the severity and likelihood for the material topics:

		SEVERITY 				
LIKELIHOOD		1	2	3	4	5
1		LOW	LOW	LOW Diversity and Equal Opportunity	LOW	MEDIUM
2		LOW	LOW	LOW	MEDIUM Occupational Health and Safety	MEDIUM Employment
3		LOW	LOW	MEDIUM Training and Education	MEDIUM	MEDIUM
4		LOW	MEDIUM	MEDIUM	HIGH	HIGH Anti-corruption
5		LOW	MEDIUM	MEDIUM	HIGH Environmental Compliance	HIGH

In coming up with the above risk matrix, the Board had assessed the likelihood and severity of the material topics according to the external business environment and internal operations.

The Board will determine the material ESG factors and the Company's response to the relevant risks and opportunities. In the process of identifying the selected factors, the Group has considered (i) value drivers; (ii) stakeholder engagement; (iii) risk management; (iv) external factors; (v) internal factors; (vi) qualitative perspectives; and (vii) time frame.

SUSTAINABILITY REPORT

The Company has taken the following steps for assessing ESG factors:

1. Based on engagement with stakeholders and the Group's knowledge of our risk environment, the Company identifies the risks which are likely to be of significant impact to the Group;
2. The Company then ranks the risks in order of impact to the Group's operations and importance to stakeholders; and
3. The Company prioritises the risks with an ESG impact, the impact to stakeholders' decision-making process, and the overall significance to the Group, to place them in the risk matrix.

In this Sustainability Report, we have set out the discussion of the material topics which are under high risk factors (red area) and medium risk factors (yellow area).

6. GOVERNANCE

Anti-corruption (GRI 205 -1, 205-2, 205-3)

The Group strictly forbids any form of corruption in its business. All employees and associates are informed and educated on the Group's anti-corruption policies and zero tolerance against corruption. No employee or officer is permitted to engage in price fixing, bid rigging, allocation of markets or customers, or similar illegal anti-competitive activities.

The purpose of business entertainment and gifts in a commercial setting is to create goodwill and sound working relationships, not to gain unfair advantages with customers. No gift or entertainment should be offered, given, provided or accepted by any Company employee or officer, family member of an employee or officer, or agent unless it: (1) is non-cash gift with a value under or equivalent to S\$100, (2) is consistent with customary business practices, (3) is reasonable in value, (4) cannot be construed as a bribe or payoff, and (5) does not violate any laws, regulations or applicable policies of the other party's organisation.

Employees are prohibited from directly or indirectly taking any action to coerce, manipulate, mislead or fraudulently influence the Company's independent auditors for the purpose of rendering the financial statements of the Company materially misleading.

There was no reported incident of corruption in FY2022, and we target to maintain this record for FY2023.

Whistle-blowing Policy

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.

SUSTAINABILITY REPORT

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 Audit Committee of the Company (“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 FY2022, there were no reported incidents and the Company endeavors to achieve the same target for FY2023.

Conflict of Interest

Every key management and staff is required to promptly declare any conflict or potential conflict of interest, whether direct or indirect, in relation to any transactions or proposed transactions with the Group as soon as practicable after the relevant facts have come to his/her knowledge. The Group’s conflict of interest policy is reviewed periodically and communicated to all key management and staff.

Compliance with Laws and Regulations

We understand the importance of maintaining a positive reputation and fostering trust among our stakeholders, which helps build and strengthen relationships. We are committed to staying up to date with regulatory requirements and implementing necessary measures to ensure ongoing compliance. This commitment is an integral part of our overall sustainability strategy and reflects our dedication to operating responsibly and sustainably for the benefit of all our stakeholders.

7. ENVIRONMENTAL

The Group strives to incorporate sustainable practices in our provision of property consultancy and management services to our clients in China.

For instance, where our consultancy services involve the branding and positioning or interior design and material procurement for our clients’ hotels or apartments, we may work with our clients to incorporate green concepts and designs, including the use of energy-saving lightings, natural and/or sustainable materials, and also incorporating sustainability practices in the overall operations of the properties by encouraging hotel customers to reduce wastages, water-usage, etc.

Where our consultancy services involve the sales consultancy services in assisting our clients to sell their residential or commercial properties, we may incorporate environmentally friendly sales avenue, for instance, focusing more on online marketing campaign instead of printing physical pamphlets and market materials.

Sustainability Targets and Performance

GRI 307-1

Our sustainability performance in FY2022 and targets for FY2023 are set out in Section 3 of this Sustainability Report.

8. SOCIAL – OUR PEOPLE, OUR ASSETS

The Group is committed to the development, safety and well-being of its staff. We value and compensate fairly the contributions of all our staff, and treat everyone equally and with respect.

Our Workforce

GRI 401-1, 405-1

The Group does not discriminate against gender or age in staff employment. As at 31 December 2022, in view of our scale of operations, we have a total staff strength of 5 employees with a mix of male and female employees. Depending on the needs of the operations, we will adjust the staff strength accordingly in FY2023.

In FY2022, we have set and achieved the target for the staff to achieve 40 training hours per employee and to have zero incidence of non-compliance with labour regulations. For FY2023, we will continue to have such targets and we aim to maintain our labour compliance achievements.

Employee Remuneration and Benefits

GRI 401-2, 401-3, 404-3

We ensure that our employees are rewarded with competitive benefits and wages are in line with industry standards. We implement a merit-based remuneration system and carry out annual performance appraisals for all staff to ensure that they are compensated fairly, based on their performance and contributions.

The Group implements employee welfare policies for the benefit and well-being of its employees. All employees may seek outpatient medical consultation at any government or private clinic and claim reimbursement from the Company. Full time employees are also entitled to insurance benefits that provide coverage in the event of hospitalisation, permanent disability or death which meet at least the regulatory requirements of the country in which the employee is based.

Eligible employees are also entitled to maternity and parental leave in accordance with the country's legislation in which they are based in. In FY2022, no staff has taken paternity leave or maternity leave.

SUSTAINABILITY REPORT

Workforce Targets and Compliance GRI 419-1

In order to maintain strict compliance with labour laws and regulations and achieve our employee development targets in FY2022, we have reviewed the effectiveness of our employee retention strategies in FY2022 and developed an action plan for FY2023.

Staff Development Performance in FY2022	
FY2022 Target	Performance Update
Achieve 40 training hours per employee	Employee development programmes has been implemented
Labour compliance	Achieved zero incidence of non-compliance with labour regulations
Staff Development Targets for FY2023	
FY2023 Target	Action Plan
Achieve 40 training hours per employee	Continue to carry out the employee development programmes
Labour compliance	Continue to maintain zero incidence of non-compliance with labour regulations

9. SGX-ST FIVE PRIMARY COMPONENTS INDEX

S/N	Primary Component	Section Reference
1	Material Topics	<ul style="list-style-type: none"> Reporting Practice
2	Policies, Practices and Performance	<ul style="list-style-type: none"> Chairman's Message Our Sustainability Efforts Property Consultancy and Management
3	Board Statement	Governance and Statement of the Board
4	Targets	Our Sustainability Efforts
5	Framework	Reporting Practice

SUSTAINABILITY REPORT

10. GRI STANDARDS CONTENT INDEX

GRI Standards	Disclosure Content	Section Reference
102-1	Name of the organisation	Organisation Profile
102-2	Activities, brands, products, and services	Organisation Profile
102-3	Location of headquarters	Organisation Profile
102-4	Location of operations	Organisation Profile
102-6	Markets served	Organisation Profile
102-7	Scale of the organisation	Organisation Profile
102-8	Information on employees and other workers	Our Workforce
102-14	Statement from senior decision-maker	Board's Message
102-15	Key impacts, risks, and opportunities	Stakeholder Engagement
102-16	Values, principles, standards, and norms of behaviour	Ethics and Integrity
102-17	Mechanisms for advice and concerns about ethics	Ethics and Integrity
102-18	Governance structure	Governance and Statement of the Board
102-40	List of stakeholder groups	Stakeholder Engagement
102-42	Identifying and selecting stakeholders	Stakeholder Engagement
102-43	Approach to stakeholder engagement	Stakeholder Engagement
102-44	Key topics and concerns raised	Stakeholder Engagement
102-46	Defining report content and topic boundaries	Reporting Practice
201-1	Direct economic value generated and distributed	Financial Highlights section in Annual Report 2022
205-1	Operations assessed for risks related to corruption	Anti-corruption
205-2	Communication and training on anti-corruption policies and procedures	Anti-corruption
205-3	Confirmed incidents of corruption and actions taken	Anti-corruption
307-1	Environmental Compliance	Sustainability targets and performance
401-1	New employee hires and employee turnover	Our Workforce
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee Remuneration and Benefits
401-3	Parental Leave	Employee Remuneration and Benefits

SUSTAINABILITY REPORT

GRI Standards	Disclosure Content	Section Reference
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Occupational Health and Safety
404-3	Regular Performance and Career Development Review	Employee Remuneration and Benefits
416-2	Incidents of non-compliance concerning the health and safety impact of products and services	Sustainability targets and performance

CORPORATE GOVERNANCE REPORT

The board of directors (“**Board**” or “**Directors**”) of Sunrise Shares Holdings Ltd. (“**Company**”, and together with its subsidiaries, “**Group**”) is committed to observing and maintaining high standards of corporate governance and transparency within the Company and the Group by complying with the principles and guidelines as set out in the Code of Corporate Governance 2018 (“**Code**”).

This corporate governance report outlines the Group’s corporate governance structure and practices that were in place during FY2022, with specific reference made to the principles of the Code pursuant to Rule 710 of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”). The Board confirms that the Group has complied substantially with the principles and guidelines of the Code for FY2022. Where there are deviations from the Code, appropriate explanations have been provided.

(A) BOARD MATTERS

BOARD’S CONDUCT OF ITS AFFAIRS

Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

The Board is responsible for setting the strategic direction of the Company, establishing goals for the management of the Company (“**Management**”) and monitoring the achievement of these goals, thereby taking responsibility for the overall corporate governance of the Group. All Directors objectively discharge their duties and responsibilities at all times as fiduciaries and are expected to act in good faith and always in the best interests of the Company as well as the shareholders of the Company (“**Shareholders**”).

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, as well as setting directions to ensure that the strategies undertaken lead to enhanced shareholders’ wealth.

The principal functions of the Board are:

- provide entrepreneurial leadership and set strategic objectives, which should include appropriate focus on value creation, innovation and sustainability;
- ensure that the necessary resources are in place for the Company to meet its strategic objectives;
- establish and maintain a sound risk management framework to effectively monitor and manage risks and to achieve an appropriate balance between risks and company performance;
- constructively challenge management and review its performance;
- instil an ethical corporate culture and ensure that the Company’s values, standards, policies and practices are consistent with the culture;
- ensure transparency and accountability to key stakeholder groups;
- oversee the processes for evaluating the adequacy and effectiveness of internal controls (including financial, operational, compliance and information technology controls) and risk management systems;
- review and approve the appointment of Directors proposed by the Nominating Committee;
- appointment and removal of the Company Secretary, internal and external auditors and key management staff;
- assume responsibility for corporate governance;
- review and monitor the performance of the Management;
- review and approve interim and annual financial statements of the Company and the Group;

CORPORATE GOVERNANCE REPORT

- declaration of interim dividends and proposal of final dividends to Shareholders; and
- 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. The Board holds the Management accountable for performance. The Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the company. Directors facing conflicts of interest will recuse themselves from meetings, discussions and decisions involving issues of conflict. The Directors would also abstain from voting on such issues of conflict.

To facilitate effective management, the Board has delegated certain specific responsibilities to three (3) board committees, namely the Audit Committee ("**AC**"), Nominating Committee ("**NC**") and Remuneration Committee ("**RC**") (collectively, "**Board Committees**"), each of which has its written terms of reference which are reviewed on a regular basis. The Board accepts that while the Board Committees have the authority to examine 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.

The Board meets regularly, and ad-hoc meetings are convened as warranted by circumstances as deemed appropriate by the Board members. The Company's Constitution allows a Board meeting to be conducted by way of telephone conference or video conference.

The table below sets out the number of Board and Board Committee meetings held during FY2022 and the attendance of each Director at these meetings:

	Board	AC	NC	RC	Annual General Meeting
No. of Meetings held	2	2	1	1	1
Name of Directors	No. of Meetings attended				
Mr Wong Siu Fai ⁽¹⁾	2	2*	1*	1*	1
Mr Zheng Aimin	2	2	1	1	1
Mr Tang An	2	2	1	1	1
Mr Wang Ziquan	2	2	1	1	1

* By invitation

Note:

(1) Mr Wong Siu Fai resigned as the Executive Director and Chairman of the Company on 3 April 2023.

The Board has adopted a set of internal guidelines setting forth matters that require the Board's approval and clearly communicates this to the Management in writing. Matters which are specifically reserved to the Board for decision and approval, include, amongst others, matters that involve a conflict of interest of a controlling shareholder or a Director, or persons connected to such shareholder or Director, material acquisitions, disposal of assets, operating budgets and capital expenditure, corporate or financial restructuring, share issuances, declaration of dividends and other returns to Shareholders. Such matters will be disclosed in the Company's Annual Report.

The Board ensures that these guidelines and matters which require the Board's approval are properly communicated to the Management in writing.

The Directors are also updated regularly on changes to the Catalist Rules, risk management, corporate governance, insider trading and key changes in the relevant regulatory requirements, financial reporting standards and the relevant laws and regulations to facilitate effective discharge of their fiduciary duties as members of the Board or Board Committees.

CORPORATE GOVERNANCE REPORT

News releases issued by the SGX-ST and Accounting and Corporate Regulatory Authority (“**ACRA**”) which are relevant to the Directors are regularly circulated to the Board. The Company Secretary would inform 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.

Directors are also encouraged to attend workshops and seminars to enhance their skills and knowledge, which will be funded by the Company. Regular training, particularly on risk management, corporate governance and key changes in the relevant regulatory requirements and financial reporting standards, will be arranged and funded by the Company for all Directors, from time to time. As of the date of this Annual Report, all Directors have attended the sustainability training as prescribed by the SGX-ST.

Newly appointed Directors will receive appropriate orientation and briefings on director’s duties, responsibilities, disclosure duties and statutory obligations. Newly appointed Directors will also be briefed by the Management on the business activities of the Group, strategic directions, governance policies, policies on disclosure of interests in securities, the rules relating to disclosure of any conflict of interest in a transaction involving the Company, prohibitions in dealing in the Company’s securities and restrictions on disclosure of price sensitive information. In addition, they are given the opportunity to visit the Group’s operational facilities and meet with Management to gain a better understanding of the Group’s business operations.

In accordance with Rule 406(3)(a) of the Catalist Rules, newly appointed Directors who do not have prior experience as a director of a public listed company in Singapore will be required to attend the prescribed training programs set out in Practice Note 4D of the Catalist Rules within one (1) year from the date of their appointment to the Board, as well as any other relevant courses in areas such as accounting, legal and industry specific knowledge, where appropriate, in connection with their duties as Directors of the Company. The cost of attending such training will be borne by the Company. A formal letter of appointment will be furnished to every Director upon his appointment explaining, among other matters, his roles, obligations, duties and responsibilities as a member of the Board.

The Company has adopted a policy where Directors are encouraged to make enquiries about any aspects of the Company’s operations or business issues from the Management. The Management or the Company Secretary will make the necessary arrangements for the briefings, informal discussions or explanations required. In addition, Management provides directors with complete, adequate and timely information prior to meetings and on an on-going basis to enable them to make informed decisions and discharge their duties and responsibilities.

All Directors have separate and independent access to Management, the Company Secretary and external advisers (where necessary), at the Company’s expenses. The appointment and removal of the Company Secretary is a decision for the Board as a whole. The role of the Company Secretary includes ensuring that Board procedures are followed, applicable rules and regulations are complied with, ensuring timely and good information flow within the Board and its committees and between senior management and Non-Executive Directors, facilitating the Directors’ orientation programmes, and assisting with professional developments as required. Any additional materials or information requested by the Directors to make informed decisions is promptly furnished. The Company Secretary and/or her representative administer, attend and prepare the minutes of all Board and Board Committee meetings.

The Board, in the furtherance of its duties, may seek independent professional advice at the Company’s expense.

The role of Non-Executive Director being:

- (a) be familiar with the business and stay informed of the activities of the company;
- (b) constructively challenge Management and help develop proposals on strategy;
- (c) review the performance of Management in meeting agreed goals and objectives; and
- (d) participate in decisions on the appointment, assessment and remuneration of the executive directors and key management personnel generally.

CORPORATE GOVERNANCE REPORT

BOARD COMPOSITION AND GUIDANCE

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

As at the date of this report, the Board comprises three (3) Directors, all of whom are Independent Directors, details as set out below:

Name of Director and position	Date of initial appointment	Date of last re-election	Board Committee Membership		
			AC	NC	RC
Mr Zheng Aimin, Lead Independent Director	9 September 2016	30 July 2022	Member	Chairman	Chairman
Mr Tang An, Independent Director	9 September 2016	29 April 2021 (To be re-elected at the forthcoming AGM)	Chairman	Member	Member
Mr Wang Ziquan, Independent Director	11 February 2019	29 April 2021 (To be re-elected at the forthcoming AGM)	Member	Member	Member

There is presently a strong and independent element on the Board with Independent Directors constituting the entire Board. The criteria of independence are determined based on the definition provided in the Code. The Board considers an Independent Director as one who has no relationship with the Company, its related corporations, its substantial 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, including immediate family relationships) with other Directors, the Company, its subsidiaries, related corporations, substantial 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 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 (9) years from the date of his first appointment. In consideration of Rule 406(3)(d) of the Catalyst Rules, none of the Independent Directors have been employed by the Company or any of its related corporations for the current or any of the past three (3) financial years, and none of the Independent Director has an immediate family who is employed or has been employed by the Company or any of its related corporations for the past three (3) financial years, and whose remuneration is determined by the RC.

There is adequate relevant competence on the part of the Directors, who, as a whole, carry an appropriate mix of skills as well as experiences and knowledge in different areas., The current Board is appropriate, effective and is able to meet the Company's existing scope of needs, the nature of the operations and facilitate effective decision-making, and that no individual or small group of individuals dominates the Board's decision-making process. The composition of the Board is reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience.

Catalist Rule 710A requires (i) an issuer to maintain a board diversity policy that addresses gender, skills and experience, and any other relevant aspects of diversity; and (ii) the issuer to describe in its annual report its board diversity policy, including the issuer's targets, plans, timelines and progress in achieving board diversity and a description of how the combination of skills, talents, experience and diversity of its directors serves the needs and plans of the issuer.

CORPORATE GOVERNANCE REPORT

In view of the various challenges faced by the Group in FY2022 as described in the Letter to Shareholders, and the focus of the Board and Management had been to address those challenges, as at the date of this report, the Company has not adopted a formal diversity policy. Nevertheless, the NC is of the view that the current Board and Board Committees comprise Independent Directors who are respected individuals from different backgrounds whose core competencies, qualifications, skills and experience are extensive and complementary with each other, and that as a group, they provide an appropriate balance and diversity of skills, experience and knowledge for the Board to be effective. As part of its ongoing efforts to improve operations and strengthen internal control processes, the Board and Management target to adopt a formal diversity policy in FY2023.

The Board conducts an annual review to assess if the existing attributes and core competencies of the Board are complementary and contribute to the efficacy of the Board. This enables the Board to maintain or enhance balance and diversity within the Board. The NC is of the view that the current Board comprises persons who as a group provide a diverse mix of capabilities such as skills, experience and knowledge required for the Board to be effective and to enable the Board to make decisions in the best interest of the Company.

To assist the Independent Directors in understanding the Group's businesses, operations and management, they will meet with the Management from time to time, and also assist the Executive Director (where applicable) to review the performance of the Management and provide constructive suggestions to the Management to improve the Group's performance.

The 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 Independent Directors communicate amongst themselves and with the Company's auditors and the Management. When necessary, the Company co-ordinates informal meetings for the Independent Directors to meet without the presence of the Executive Director and/or Management.

The Independent Directors have met without the presence of the Management in FY2022. The chairman of such meetings provides feedback to the Board and/or Chairman as appropriate. The lead independent director ("**Lead Independent Director**") plays an additional facilitative role within the Board, and where necessary, he may also facilitate communication between the Board and shareholders or other stakeholders of the company. Shareholders or other stakeholders can also contact the Lead Independent Director, Mr Zheng Aimin, to voice their concerns via email at 13910912616@163.com and for which through the normal channels of the Chairman or the CEO or the Management are inappropriate or inadequate.

The role of the Lead Independent Director may include chairing Board meetings in the absence of the Chairman, working with the Chairman (where applicable) in leading the Board, and providing a channel to non-executive directors for confidential discussions on any concerns and to resolve conflicts of interest as and when necessary. In addition, the Lead Independent Director may also help the NC conduct annual performance evaluation and develop succession plans for the Chairman and CEO and help the RC design and assess the Chairman's remuneration.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

The roles of the Chairman and the CEO are separated to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making.

During FY2022, Mr Wong Siu Fai was the Executive Director and Chairman of the Company. As Chairman, he is responsible for overseeing the Board and, together with the AC, ensures the integrity and effectiveness of the governance process of the Board. He leads the Board for discussions and ensures that Board meetings are convened when necessary; promotes a culture of openness and debate at the Board; ensures that the Directors receive complete, adequate and timely information; encourages constructive relations within the Board, and between the Board and Management; facilitates the effective contribution of the Independent Directors in particular; chairs the annual general meetings of the Company ("**AGM**"); and ensures constructive communication between Shareholders, the Board and Management.

CORPORATE GOVERNANCE REPORT

Mr Wong Siu Fai had resigned as the Executive Director and Chairman on 3 April 2023. His responsibilities are currently undertaken by Mr Liang Yongdong (CEO) and assisted by the Board of Directors. The Company is seeking suitable candidate to take over the role as Chairman.

Mr Liang Yongdong, nephew-in-law of Mr Wong Siu Fai, was appointed as the CEO of the Company with effect from 28 January 2022. As the CEO, Mr Liang Yongdong is responsible for making strategic proposals for the Company and the Group to the Board, ensuring the efficiency of business processes, assuming the executive responsibility of the day-to-day management of the Company, and overseeing the execution of strategies and policies as established by the Board.

In view that the Chairman being not independent, the Board has appointed Mr Zheng Aimin as the Lead Independent Director to co-ordinate and to lead the Independent Directors in situation where the Chairman is conflicted. The role of the Lead Independent Director has been disclosed under the Principle 2 of this Corporate Governance Report.

BOARD MEMBERSHIP

Principle 4: The Board has a formal and transparent process for the appointment and reappointment of directors, taking into account the need for progressive renewal of the Board.

NOMINATING COMMITTEE

The NC comprises the following members, all of whom are Independent Directors:

Mr Zheng Aimin	(Chairman of the NC and Lead Independent Director)
Mr Tang An	(Independent Director)
Mr Wang Ziquan	(Independent Director)

The Lead Independent Director, Mr Zheng Aimin, is the Chairman of the NC. The terms of reference set out clearly the principal responsibilities of the NC which are as follows:

- identify suitable candidates and review all nominations for appointment and re-appointment of Directors;
- conduct annual reviews of the composition, structure and size of the Board;
- review the independence of the Directors annually in accordance with Guidelines 2.1 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 the board succession plans for the Directors, in particular, the Chairman, the CEO and key management; and
- review the training and professional development programs for the Board.

The Board, through delegation of authority to the NC, uses its best efforts to ensure that Directors appointed to the Board possess the necessary knowledge, skills and experience, in the areas of inter alia finance, business and management. Each of the Directors brings to the Board his skills and knowledge, and provides an independent and objective perspective to the Board's decision making process.

The NC is responsible for identifying and recommending new Directors to the Board. In selecting potential new Directors, the NC will seek to identify the competencies required to enable the Board to fulfil its responsibilities. The NC may engage consultants to undertake research on, or assess, candidates applying for new positions on the Board, or to engage such other independent experts, as it considers necessary to carry out its duties and responsibilities. Recommendations for new Directors are put to the Board for its consideration. New Directors are appointed by way of a Board resolution following which they are subject to re-election at the next AGM following their appointments.

CORPORATE GOVERNANCE REPORT

The NC reviews annually the independence declaration made by the Independent Directors based on the criterion of independence under the guidelines provided in the Code. For FY2022, the NC is of the view that the Independent Directors are independent (as defined in the Code) and are able to exercise judgment on the corporate affairs of the Group independently of the Management. 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.

The Board does not limit the maximum number of listed company board representation the Directors may hold as long as each of the Directors is able to commit his time and attention to the affairs of the Company. Save for Mr Tang An who is a director of another listed company, none of the Directors holds any directorship in other listed 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. For Directors who have board representations in other listed companies and other principal commitments, the NC has reviewed the work and other commitments of such Directors and assessed their ability to diligently discharge their Board responsibilities. The NC is satisfied that the Directors are able to commit sufficient time, effort and attention to the affairs of the Group. The NC is of the view that fixing a limit on the number of such board representations is not meaningful in the context of the Group. The Board has accepted and affirmed the view of the NC. The NC and the Board will review the requirement to determine the maximum number of listed Board representations as and when it deems fit.

There is no alternate Director appointed to the Board as at the date of this report.

In accordance with the Company's Constitution, each Director is required to submit for re-nomination and re-election at least once in every three (3) years by rotation, and all newly appointed Directors will have to retire by rotation and submit themselves for re-election at the next AGM following their appointments.

With effect from 1 January 2019, pursuant to Catalist Rule 720(4), all Directors, including Executive Directors, must submit themselves for re-nomination and re-appointment at least once every three (3) years.

The NC has recommended, and the Board has agreed that Mr Tang An and Mr Wang Ziquan be nominated for re-election at the forthcoming AGM pursuant to Regulation 91 of the Company's Constitution (collectively, the "**Retiring Directors**") and Catalist Rule 720(4). The Retiring Directors have offered themselves for re-election at the forthcoming AGM. Each member of the NC shall abstain from voting, approving or making a recommendation on any resolution of the NC in which he has a conflict of interest in the subject matter under consideration. In its deliberations on the re-election and re-appointment of existing Directors, the NC takes into consideration the relevant Director's competency, commitment, contribution and performance (including, if applicable, his contribution and performance as a Director). The assessment parameters include attendance record, preparedness, the intensity of participation and candour at meetings of the Board and Board Committees as well as the quality of input and contributions.

Please refer to the section entitled "Additional Information on Directors Nominated for Re-election – Appendix 7F to the Catalist Rules" of this report as well as the "Board of Directors" section of this Annual Report for more information on the Retiring Directors.

Other than the key information regarding the Directors set out below, information pertaining to the Directors' interests in shares, options and other convertible securities is set out in the "Directors' Statement" section of this Annual Report, and information in relation to the background and principal commitments of the Directors are set out in the "Board of Directors" section of this Annual Report.

CORPORATE GOVERNANCE REPORT

Name of Director and position	Past Directorships (preceding three (3) years) in other listed companies and other principal commitments	Present Directorships in other listed companies and other principal commitments
Mr Zheng Aimin Lead Independent Director	<u>Past directorship in other listed companies</u> NIL <u>Other past principal commitments</u> NIL	<u>Present directorship in other listed companies</u> NIL <u>Other present principal commitments</u> Major shareholder and legal representative of: <ul style="list-style-type: none"> • Shenzhen Zhengqi Asset Management Limited • Shenzhen Zhujia Technology Limited
Mr Tang An Independent Director	<u>Past directorship in other listed companies</u> <ul style="list-style-type: none"> • HuaXun Fangzhou Science and Technology Limited <u>Other past principal commitments</u> NIL	<u>Present directorship in other listed companies</u> <ul style="list-style-type: none"> • Shenzhen Aoni Electronics Holdings Limited • Hubei Mailyard Share Co. Ltd • KeXing Bio-pharmaceutical Co., Ltd. <u>Other present principal commitments</u> <ul style="list-style-type: none"> • Managing Partner and chief accountant of Shenzhen Changping Accounting Firm.
Mr Wang Ziquan Independent Director	<u>Past directorship in other listed companies</u> NIL <u>Other past principal commitments</u> <ul style="list-style-type: none"> • Yunyi Fund Management Pte. Ltd. • Yunyi Investment • Arts Revenue Music Centre 	<u>Present directorship in other listed companies</u> NIL <u>Other present principal commitments</u> <ul style="list-style-type: none"> • Business analyst at ZF Asia Pacific Pte. Ltd. • Yunyi Musical Education Centre

BOARD PERFORMANCE

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

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 assessment of the Board, Board Committees and Directors is carried out once every financial year. Each member of the NC is required to abstain from voting on any resolution in respect of the assessment of his performance or re-nomination as a Director. The evaluation of the Board's and Board Committees' performance deals with matters on Board composition, information to the Board, Board procedures and Board accountability. The evaluation of individual Directors deals with matters of attendance at meetings, Directors' duties and know-how and interaction with fellow Directors.

CORPORATE GOVERNANCE REPORT

The NC had adopted the following annual assessment forms which require the completion by each Director and member of the respective Board Committees:

- Board Evaluation Form as a whole
- Individual Director Evaluation Form
- AC Evaluation Form
- NC Evaluation Form
- RC Evaluation Form

(Collectively, “**Annual Evaluation Forms**”)

The completed Annual Evaluation Forms are collated for the NC’s review and deliberation. The NC will then present the results, conclusions and its recommendations to the Board. The NC focuses on a set of performance criteria which includes the evaluation of the size and composition of the Board, the Board’s access to information, Board processes and accountability, Board performance in relation to discharging its principal responsibilities and the Directors’ standards of conduct in assessing the Board’s performance as a whole. The performance criteria have not been changed from year-to-year, and where circumstances deem it necessary for any of the criteria to be changed, the Board should justify the reason.

The NC, having reviewed the overall performance of the Board and the Board Committees, as well as the assessment of each individual Director, in terms of his role and responsibilities and the conduct of his affairs as a whole for FY2022, is of the view that the effectiveness of the Board as a whole, the Board Committees and the contribution by each Director has been satisfactory. The NC is satisfied that sufficient time and attention has been given to the Group by the Directors. No external facilitator was used during the evaluation process.

REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his own remuneration.

REMUNERATION COMMITTEE

Mr Zheng Aimin	(Chairman of the RC and Lead Independent Director)
Mr Tang An	(Independent Director)
Mr Wang Ziquan	(Independent Director)

The RC comprises three (3) directors, all of whom are Independent Directors.

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 management personnel;
- review the appropriateness of remuneration of Directors and key management personnel;
- review and recommend to the Board, the terms of service agreements of Directors and key management personnel; and
- review and recommend annually the total remuneration to the Directors and key management personnel.

CORPORATE GOVERNANCE REPORT

The RC is established for the purpose of ensuring that there is a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors and key management personnel. The overriding principle is that no Director should be involved in deciding his own remuneration. The RC has adopted written terms of reference that define its membership, roles and functions and administration.

No Director is involved in deciding his own remuneration, except in providing information and documents if specifically requested by the RC to assist in its deliberations.

The RC has full authority to engage any external professional to advise on matters relating to remuneration as and when the need arises, and the expense of such services shall be borne by the Company. For FY2022, the RC did not seek any external professional advice on the remuneration of the Directors.

All recommendations of the RC will be submitted for endorsement by the entire Board. In determining the remuneration packages of the Executive Director and key management personnel, the RC seeks to ensure that the Executive Director 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.

In reviewing the service agreements of the Executive Director and key management personnel of the Company, the RC will review the fairness and reasonableness of the termination clauses in the service agreements and 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 ensure that all such aspects of remuneration are fair and avoid rewarding poor performance.

LEVEL AND MIX OF REMUNERATION

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

Independent 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 the Directors. The Independent Directors shall not be overcompensated to the extent that their independence may be compromised.

The Directors' fees are proposed by the RC and recommended by the Board for Shareholders' approval at the AGM of the Company. Directors' fees of S\$90,000 for FY2021 had been approved by Shareholders at the last AGM held on 30 July 2022. Directors' fees of S\$90,000 for FY2022 have been recommended by the Board and will be subject to the approval of Shareholders at the forthcoming AGM of the Company. No Director is involved in deciding his own remuneration.

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 its Executive Director and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The Executive Director owes a fiduciary duty to the Company. The Company should be able to avail itself of remedies against the Executive Director in the event of such breach of fiduciary duties.

CORPORATE GOVERNANCE REPORT

DISCLOSURE ON REMUNERATION

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

The Company's remuneration policy is to reward performance and attract, retain and motivate Directors and key management personnel. The RC will take into account the industry norms, the Group's, performance as well as the contribution and performance of each Director when determining remuneration packages. The RC will review the remuneration of the Directors and key management personnel from time to time.

In FY2022, the remuneration of each of the Directors is set out below:

Name of Directors	Salary	Directors' Fee	Variable Bonus	Allowances	Total
Mr Wong Siu Fai (Resigned on 3 April 2023)	S\$120,000	–	–	–	S\$120,000
Mr Zheng Aimin	–	S\$30,000	–	–	S\$30,000
Mr Tang An	–	S\$30,000	–	–	S\$30,000
Mr Wang Ziquan	–	S\$30,000	–	–	S\$30,000

In FY2022, the remuneration of the key management personnel (who are not Directors) is set out below:

Key Management Personnel	Salary	Variable Bonus	Allowances	Benefits-in-kind	Total
Mr Liang Yongdong ⁽¹⁾	S\$115,700	–	–	–	S\$115,700
Ms Huang Angela On Yee ⁽²⁾	–	–	–	–	–
Mr Huang Rui ⁽³⁾	–	–	–	–	–

Notes:

- (1) Mr Liang Yongdong was appointed as the Chief Executive Officer on 28 January 2022;
- (2) Ms Huang Angela On Yee was not paid any remuneration for FY2022. She has resigned as Vice President with effect from 15 October 2022; and
- (3) Mr Huang Rui was not paid any remuneration for FY2022. He has resigned as Vice President with effect from 13 February 2022.

For FY2022, Ms Huang Angela On Yee and Mr Huang Rui did not draw any salary and Mr Liang Yongdong was paid aggregate compensation of S\$115,700. 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 in FY2022.

The remuneration package of each of the Executive Director and key management personnel comprises a basic salary component and a variable component which is the annual bonus, based on the performance of the Group as a whole and their individual performance. The performance-related component of the remuneration package is designed to align the interests of the Executive Director and key management personnel with those of Shareholders and link rewards to the Group's financial performance. Service agreements for the Executive Director and key management personnel are for a fixed appointment period and do not contain onerous removal clauses. Remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the Company and key management personnel to successfully manage the company for the long term.

CORPORATE GOVERNANCE REPORT

Immediate Family Member of Directors or CEO or Substantial Shareholders

Ms Huang Angela On Yee is the daughter of Mr Wong Siu Fai, Mr Huang Rui is the nephew of Mr Wong Siu Fai, and Mr Liang Yongdong is the nephew-in-law of Mr Wong Siu Fai. Mr Wong Siu Fai is the Executive Director and Chairman and substantial shareholder of the Company, who has resigned on 3 April 2023.

As set out above, for FY2022, Ms Huang Angela On Yee and Mr Huang Rui did not draw any salary and Mr Liang Yongdong was paid an aggregate compensation of S\$115,700.

The Company has not adopted any employee share option scheme or performance share plan. The RC has reviewed the remuneration of the key management personnel, taking into consideration the Company's business and structure, and is satisfied that the existing remuneration structure of the key management personnel is appropriate and adequate to award the performance of the key management personnel. The Company is of the view that the existing remuneration structure is consistent with the intent of Principle 8 of the Code which includes linking key management personnel's remuneration to corporate and individual performance. The RC and the Company would consider the share option scheme or performance share plan when necessary.

ACCOUNTABILITY AND AUDIT

Risk management and internal controls

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

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

The Board reviews and approves the half year and full year financial results announcements, as well as all announcements before they are released on SGXNet or through the media. Shareholders are provided with the half year financial results, full year financial results and annual reports on a timely manner. In presenting the half year and full year financial results 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 the SGXNet.

The Board provides effective oversight of the Management's performance and control, compliance with legislative and regulatory requirements including continuing disclosure requirements under the Catalist Rules. For instance, in line with the Catalist Rules, the Board provides a negative assurance statement to the Shareholders in its half-year financial results announcement, confirming to the best of its knowledge that nothing had come to the attention of the Board which might render the financial results false or misleading in any material aspect. All the Directors and executive officers of the Group have also signed a letter of undertaking pursuant to Rule 720(1) of the Catalist Rules.

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 Group's assets. The Board is responsible for the overall risk management and internal control framework, but acknowledges that no cost-effective risk management and internal controls system will preclude all errors and irregularities. The system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss. The Board determines the nature and extent of the significant risks which the Company is willing to take in achieving its strategic objectives and value creation.

CORPORATE GOVERNANCE REPORT

The Company has appointed Virtus Assure Pte. Ltd. (“**Virtus Assure**” of “**Internal Auditors**”) as its internal auditor on 16 March 2023 to evaluate the effectiveness of the Group’s internal controls for FY2022. The Company does not have a risk management committee. Management is responsible for designing, implementing and monitoring the risk management and internal control systems within the Group. 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 regularly all significant control policies and procedures, and highlights all significant matters to the Board and the AC. To further review the adequacy and effectiveness of internal controls, the AC is assisted by various independent professional service providers. The assistance of the Internal Auditors enabled the AC to carry out assessments of the effectiveness of key internal controls during the year.

The Board and AC agree with the findings of the Internal Auditors and are committed to put in place the necessary safeguards and processes to ensure that the risk management and internal controls are adequate and effective. 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 FY2022. 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.

For the financial year under review, the CEO has provided assurance to the Board that (i) the financial records of the Group have been properly maintained and the financial statements give a true and fair view of the Group’s operations and finances; and (ii) the Group has in place adequate and effective risk management and internal control systems.

AUDIT COMMITTEE

Principle 10: The Board has an Audit Committee which discharges its duties objectively.

The AC comprises three (3) members, all of whom are Independent Directors. The AC comprises the following members:

AUDIT COMMITTEE

Mr Tang An	(Chairman of the AC and Independent Director)
Mr Zheng Aimin	(Lead Independent Director)
Mr Wang Ziquan	(Independent Director)

The Chairman of the AC, Mr Tang An and the members of the AC, Mr Zheng Aimin and Mr Wang Ziquan, possess experience in finance, legal and business management which are appropriately qualified, having the necessary accounting or related financial management expertise to discharge their responsibilities.

The AC has been entrusted with the following functions:

- review at least annually the audit plans, evaluation of the system of internal controls, risk management systems, audit report and management letter of the external auditors, and to ensure the adequacy and effectiveness 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 judgments to ensure the integrity of the Company’s financial statements and any other announcements relating to the Company’s financial performance;
- review the assurance from the CEO and the CFO on the financial records and financial statements;
- review the adequacy, effectiveness, independence, scope and results of the external audit and the internal audit function and ensure co-ordination between the internal auditor, external auditors and the Management;
- review the co-operation given by the Company’s officers to the external auditors;

CORPORATE GOVERNANCE REPORT

- review legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programs, and reports received from the regulators;
- review the cost-effectiveness, independence and objectivity of the external auditors;
- review the nature and extent of non-audit services, if any, provided by the external auditors to ensure the independence of the external auditors;
- make recommendations to the Board on the proposals to the Shareholders on the appointment and removal of external auditors, nominate the reappointment of external auditors and approve their remuneration and terms of engagement;
- reviewing the policy and arrangement for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately to be followed up on;
- ensures the Company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns; 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 on an arm's length basis.

EXTERNAL AUDIT

The AC has reviewed the scope and results of the audit carried out by the external auditors, Baker Tilly TFW LLP in respect of the financial results for FY2021 (retired at the Company's AGM held on 30 July 2022) and PKF-CAP LLP (appointed on 22 November 2022) in respect of the financial results for FY2022, the adequacy of scope and quality of their audit work, and the independence and objectivity of the external auditors. The AC seeks to balance the maintenance of objectivity of the external auditors and their ability to provide value-for-money professional services.

The AC meets with the external auditors and internal auditors without the presence of the Management, at least once a year, and as and when necessary, to review the adequacy of audit arrangement, with emphasis on the scope and quality of their audit, the independence, objectivity and observations of the external auditors and internal auditors. The AC has met once with the external auditors and internal auditors, without the presence of the Management during FY2022.

Annually, the AC will also conduct a review of the independence and objectivity of the external auditors through discussions with the external auditors. A breakdown of the audit fees paid to the Company's auditors is disclosed in Note 7 of the financial statements in this Annual Report. The aggregate amount of fees paid or payable by the Group to the external auditors, Baker Tilly TFW LLP and PKF-CAP LLP and their Independent Member Firms for FY2022 amounted to S\$130,000 and S\$16,650 respectively for audit services. There were no non-audit services fees paid to the external auditors in FY2022 and accordingly, the AC is of the opinion that the external auditors are independent, adequate and effective in performing its audit.

The AC is satisfied that the present external auditor of the Company, PKF-CAP LLP, an auditing firm registered with ACRA, is independent and that it had also provided a confirmation of its independence to the AC. The AC had assessed the external auditors of the Company based on factors such as performance, adequacy of resources and experience of their audit engagement partners and audit team assigned to the Group's audit as well as the size and complexity of the Group. The AC has also taken into consideration the Audit Quality Indicators Disclosure Framework published by ACRA in assessing the external auditors of the Company. For FY2022, the Company confirms that it is in compliance with Rules 712 and 715 of the Catalist Rules in relation to the appointment of audit firms for the Group. No former partner or director of the Company's existing auditing firm or auditing corporation: (a) within a period of two (2) years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation, has acted as a member of the AC.

CORPORATE GOVERNANCE REPORT

Accordingly, the AC has recommended to the Board that the external auditors, PKF-CAP LLP, be nominated for re-appointment as the external auditors of the Company at the forthcoming AGM of the Company.

In the review of the financial statements, the AC has discussed with the Management the accounting principles that were applied and its judgement of items that might affect the integrity of the financial statements. The AC considered the key audit matters (“**KAM**”) presented by the external auditors together with the Management. The AC reviewed the KAM and concurred and agreed with the external auditors and the Management on their assessment, judgements and estimates on the KAM reported by the external auditors.

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

The primary role of the internal audit is to assist the Board to evaluate the reliability, adequacy and effectiveness of the internal controls and risk management processes of the Group, reviewing the internal controls of the Group to ensure prompt and accurate reporting of transactions and proper safeguarding of assets and reviewing that the Group to comply with the relevant laws, regulations and policies established.

The internal audit function plans its internal audit schedule in consultation with, but independent of the Management. The AC examines the internal audit plan, determines the scope of the audit examination and approves the internal audit budget. It also oversees the implementation of the improvements required on internal control weaknesses identified and ensures that Management provides the necessary co-operation to enable the internal auditors to perform its function. In addition, the internal auditors may be involved in ad-hoc projects initiated by the Management which require the assistance or/and assurance of the internal auditors in specific areas of concern.

The Board is overall responsible for the management of risk within the Group. It ensures that the Management maintains a sound system of risk management and internal controls to safeguard shareholders’ interests and the Company’s assets, and determines the nature and extent of the significant risks that the Board is willing to take in achieving its strategic business objectives.

The Company has appointed Virtus Assure as its internal auditor on 16 March 2023 to evaluate the effectiveness of the Group’s internal controls for FY2022, including financial, operational, compliance and information technology controls. Virtus Assure is an independent assurance services consultancy firm and its senior management are members of the Institute of Internal Auditors Singapore (“**IIA**”). Its practice areas include, among others, internal audit, enterprise risk management and corporate governance advisory services. The internal audit review is led by Mr Joshua Siow, a Certified Internal Auditor, with many years of audit and management experience in operations, business systems, information technology, finance and accounting, working with numerous companies around the globe.

The Internal Auditors report directly to the AC and will propose recommendations to enhance the Group’s internal controls and resolve any instances of inadequate internal control processes. The internal audit work carried out is guided by the International Standards for Professional Practice of Internal Auditing (IIA Standards) laid down in the International Professional Practices Framework issued by the IIA. The AC approves the hiring, removal, evaluation and compensation of the Internal Auditors.

The Internal Auditors plan their audit schedules in consultation with, but independent of, the Management. The internal audit plan is submitted to the AC for approval prior to implementation. The AC reviews the activities of the Internal Auditors, and meets with the Internal Auditors at least once a year to approve their plans and to review their report prior to the reporting period. The AC will review annually the independence, adequacy and effectiveness of the internal audit function.

The AC had reviewed the adequacy and effectiveness of the internal audit function, and the AC is satisfied that the Internal Auditors are adequately resourced, staffed with persons with the relevant qualifications and experience and have the appropriate standing and independence within the Group to fulfil their mandate. The AC is also of the view that the Internal Auditors have unfettered access to all the Group’s documents, records, properties and personnel, including access to the AC, and has appropriate standing within the Group.

CORPORATE GOVERNANCE REPORT

WHISTLE-BLOWING POLICY

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 an independent investigation of such matters and that appropriate follow-up actions will be taken. The AC shall oversee and monitor the administration of the whistle-blowing policy while the issuer ensures that the identity of the whistleblower is kept confidential and discloses its commitment to ensuring the protection of the whistleblower against detrimental or unfair treatment. Where a complaint has been made, a report will be submitted to the AC for investigation and follow-up. As at the date of this Annual Report, there were no complaints, concerns of issues or whistleblowing reports received through the whistle-blowing channel.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

The Board is committed to being open and transparent in the conduct of the Company's affairs while preserving the commercial interests of the Company. The Board is mindful of its obligations to provide timely and fair disclosure of material information in accordance with the Corporate Disclosure Policy of the SGX-ST. Financial Results, annual reports and other material information are released via SGXNet. Shareholders and the public can access information on the Company on the SGXNET and the Company's website at <http://sunriseshares.com>.

Shareholders are informed of the poll voting procedures at the general meetings. All Shareholders are invited to submit their questions for the Annual General Meeting ("AGM") in advance of the meeting, and the Company will provide its responses via SGXNet and its corporate website on <http://sunriseshares.com/> prior the commencement of the meeting. Shareholders are encouraged to participate at the Company's general meetings. For Shareholders who hold their shares through nominee or custodial services, they are allowed, upon prior request through their nominee, to attend the general meetings as observers without being constrained by the two-proxy rule.

Each item of special business included in the notice of the general meetings will be accompanied by an explanation of the effects of a proposed resolution. All the resolutions at the general meetings are single-item resolutions.

All Directors, including the Chairman of the Board and the respective Chairpersons of the Board Committees, are present and available to address questions at the general meetings. The external auditors are also present to address shareholders' queries about the conduct of the audit and the preparation of the auditors' report. The attendance of the Directors at the general meetings held during the financial year is disclosed in the Company's Annual 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 Central Provident Fund ("**CPF**") investors. With this amended legislation, the Company allows Relevant Intermediaries to appoint more than two (2) proxies to attend the Company's general meetings.

The AGM for FY2022 ("**FY2022 AGM**") will be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "**Order**").

Pursuant to the Order, the Company will implement alternative arrangements relating to attendance at the FY2022 AGM by electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or audio-only means), submission of questions to the Chairman of the FY2022 AGM in advance of the FY2022 AGM, addressing of substantial and relevant questions and voting by appointing the Chairman of the FY2022 AGM as proxy at the AGM.

CORPORATE GOVERNANCE REPORT

A member who wishes to raise any matters at the FY2022 AGM would be able to do so by submitting such matters or any questions related to the FY2022 AGM via email to the Company, email address: sunriseshares@126.com.

The Company will publish the minutes of the FY2022 AGM within one (1) month after the FY2022 AGM on SGXNet as well as the Company's corporate website.

Engagement with Shareholders

Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

The Company believes in high standards of transparent corporate disclosure and is committed to disclosing 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.

The information is disseminated and communicated to Shareholders on a timely basis through:

- annual reports that are prepared and sent to all Shareholders. The Board ensures that annual reports include 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 (International);
- half year and full year financial results announcements containing a summary of the financial information and affairs of the Group for the relevant period; and
- notices of explanatory memoranda for AGMs and EGM. The notices of AGMs and EGMs are also advertised in a national newspaper.

The Company does not have a dedicated investor relations policy, however, it has in place various policies and procedures to allow for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders. Shareholders can access the information on the Group through the Company's website at <http://sunriseshares.com/>. Shareholders can also contact the Company to voice their concerns or reach out to us directly via email at sunriseshares@126.com or mail to the Company office at 1 Fullerton Road #02-01, One Fullerton Singapore 049213. The Lead Independent Director plays an additional facilitative role within the Board, and where necessary, he may also facilitate communication between the Board and shareholders or other stakeholders of the company. Shareholders or other stakeholders can also contact the Lead Independent Director to voice their concerns via email at 13910912616@163.com.

The Company does not practice selective disclosure. Price-sensitive information is first publicly released through SGXNet, before the Company meets with any investors or analysts. All Shareholders will receive a copy of the notice of general meetings by post and the notice of general meetings is published in the newspaper within the mandatory period. Shareholders are given opportunities to express their views and ask the Board and management questions regarding the operations of the Company at any general meetings 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 Shareholders in FY2022 on the basis that the Group has reported a loss for FY2022 and thus intends to reserve its cash for operating activities as well as business expansion.

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. Notices of the general meeting are 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. The Company's Constitution does not provide the provision to allow for absentia voting at the general meetings as the integrity of the information and authentication of the identity of Shareholders and other related security issues remain a concern to the Company.

CORPORATE GOVERNANCE REPORT

Each item of special business included in the notice of the general meetings will be accompanied by an explanation of the effects of a proposed resolution. Separate resolutions are proposed for each substantially separate issue at general meetings. The Company will make available minutes of general meetings to Shareholders by publishing these minutes on its corporate website and SGXNet within one (1) month after the conduct of the relevant general meeting. Such minutes will record substantial and relevant comments or queries from Shareholders relating to the agenda of the general meeting, as well as responses from the Board and Management.

All Directors, including the respective Chairman of the Board, the AC, the NC and the RC, are required to be present and available to address questions relating to the matters under the purview of the Board and their respective Board Committees at general meetings. Furthermore, the Company Secretary, the sponsor of the Company and the external auditors shall also be present to assist the Board in addressing any relevant queries raised by the Shareholders.

To ensure that all Shareholders have the opportunity to participate effectively in and vote at general meetings, voting at general meetings of the Company will be conducted by a poll where Shareholders are accorded voting rights proportionate to their shareholding and all votes will be counted and announced immediately at the meeting. The Company will put all resolutions to vote by poll at general meetings and the detailed results of the total number and percentage of votes cast for and against each resolution will be announced via SGXNet after the conclusion of the general meeting on the same day.

The Company may consider providing longer notice for meetings, especially when dealing with complex transactions, or if the Company has numerous overseas shareholders. The Company would use its best endeavours to avoid scheduling meetings during peak periods.

Engagement with Stakeholders

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

The Company has undertaken the process of identifying its key stakeholders and material aspects relevant to the Group's business. The interests and requirements of key stakeholders are also taken into account when formulating corporate strategies. The key stakeholders include, but are not limited to, employees, suppliers & service providers, investors & shareholders, customers and regulators. The Company has adopted both formal and informal channels of communication to understand the needs of key stakeholders and incorporated these into the Company's corporate strategies to achieve mutually beneficial relationships. The Company has disclosed its strategy and key areas of focus in relation to the management of stakeholder relationships in the Company's sustainability report for FY2022, which will be released on the SGXNet within the stipulated timeline.

The Company maintains its website in Chinese at <http://sunriseshares.com/> to communicate and engage with stakeholders. The Company is working on the English version of the corporate website. The Company also publishes its sustainability report annually on SGXNet for stakeholders to refer to. On its corporate website, stakeholders can find information such as the Company profile, its Board, key management personnel and financial results.

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 (1) month prior to the announcement of the Company's unaudited half year and full year financial results and ending on the date of the announcement of the relevant results and at any time they are in possession of unpublished material price-sensitive information in relation to these securities.

An internal memorandum was circulated informing all persons covered by the policy that they are prohibited from dealing in the securities of the Company during the 'closed window' period until after the release of the results. The Company's internal memorandum includes the clause whereby an officer of the Company is prohibited from dealing in the Company's securities on short-term considerations.

CORPORATE GOVERNANCE REPORT

Directors and key management personnel 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.

INTERESTED PERSON TRANSACTIONS

The Company has established internal control policies to ensure that transactions with interested persons are reviewed, approved and are conducted on an arm's length basis, and do not prejudice the interests of the Group and its minority Shareholders. Any Director, the CEO and/or controlling shareholder of the Company who is interested in a transaction, will abstain and refrain from deliberating, discussing, making recommendations and approving the transaction.

Following shareholders' approval for the adoption of the IPT General Mandate on 29 December 2022, the Group had on 30 December 2022 entered into a consultancy and management service agreement with HKSAM (a company wholly owned by Mr Wong Siu Fai, the former Executive Director and Chairman of the Company). However, as the real estate business in China had continued to remain weak despite the gradual re-opening of the economy in China, HKSAM had no new business in both Hong Kong and China, and the consultancy agreement with HKSAM was terminated on 22 March 2023.

Save for the above, there were no IPTs entered into by the Group during FY2022 with value of S\$100,000 or more.

MATERIAL CONTRACTS

There were no material contracts entered into between the Company or any of its subsidiaries involving the interests of the CEO, any Director or controlling Shareholder, which were still subsisting at the end of the financial year reported on, or if not then subsisting, entered into since the end of the previous financial year.

NON-SPONSOR FEES

With reference to Rule 1204(21) of the Catalist Rules, there was no non-sponsor fee paid to the former sponsor, Asian Corporate Advisors Pte. Ltd. ("**ACA**") during FY2022. ACA had ceased to be the Company's sponsor with effect from 1 May 2023.

ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION – APPENDIX 7F TO THE CATALIST RULES

Pursuant to Rule 720(5) of the Catalist Rules, the information as set out in Appendix 7F to the Catalist Rules relating to Mr Tang An and Mr Wang Ziquan, being the Retiring Directors who have offered themselves for re-election at the forthcoming AGM, is set out below:

Name	Mr Tang An	Mr Wang Ziquan
Date of Appointment	9 September 2016	11 February 2019
Date of last re-appointment (if applicable)	29 April 2021	29 April 2021
Age	62	41
Country of principal residence	China	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr Tang An as a Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Mr Tang An's qualifications, skills, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.	The re-election of Mr Wang Ziquan as a Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Mr Wang Ziquan's qualifications, skills, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	No	No
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Director, Chairman of the AC and member of the NC and RC.	Independent Director, member of the AC, NC and RC.
Professional qualifications	Certificate of Securities Professional – Securities Association of China Affiliated Member – Association of International Accountants Certificate of Certified Public Accountant – The People's Republic of China	Bachelor in Industrial and Management Engineering – National University of Singapore
Working experience and occupation(s) during the past 10 years	April 2011 to Current – Managing Partner and Chief Accountant of Shenzhen Changping Accounting Firm January 2005 to March 2011 – Certified Public Accountant and Lead Audit Partner of Shenzhen Yongan Accounting Firm	2017 to current – ZF Asia Pacific Pte. Ltd., Business Analysis 2015 to 2017 – Prysman Group, Supply Chain Planner 2013 to 2015 – Pall Corporation, Asia Supply Chain Planner 2009 to 2013 – Procter & Gamble International Operation SA Branch, Demand & Supply Planner

ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION – APPENDIX 7F TO THE CATALIST RULES

Name	Mr Tang An	Mr Wang Ziquan
Shareholding interest in the listed issuer and its subsidiaries	No	No
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No
Conflict of interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments Including Directorships	<u>Past (for the last 5 years)</u> <ul style="list-style-type: none"> • HuaXun Fangzhou Science and Technology Limited <u>Present</u> <ul style="list-style-type: none"> • Shenzhen Changping Accounting Firm • Shenzhen Aoni Electronics Holdings Limited • Hubei Mailyard Share Co. Ltd • KeXing Bio-pharmaceutical Co., Ltd. 	<u>Past (for the last 5 years)</u> <ul style="list-style-type: none"> • Yunyi Fund Management Pte. Ltd. • Yunyi Investment • Arts Revenue Music Centre <u>Present</u> <ul style="list-style-type: none"> • ZF Asia Pacific Pte. Ltd. • Yunyi Musical Education Centre
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No

ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION – APPENDIX 7F TO THE CATALIST RULES

Name	Mr Tang An	Mr Wang Ziquan
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No

ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION – APPENDIX 7F TO THE CATALIST RULES

Name	Mr Tang An	Mr Wang Ziquan
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–		
i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No

ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION – APPENDIX 7F TO THE CATALIST RULES

Name	Mr Tang An	Mr Wang Ziquan
(k) whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No
Any prior experience as a director of an issuer listed on the Exchange? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	Not Applicable This is a re-election of a director	Not Applicable This is a re-election of a director

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

The directors present their statement to the members together with the audited consolidated financial statements of Sunrise Shares Holdings Ltd. (the "Company") and its subsidiaries (the "Group") for the financial year ended 31 December 2022 and the statement of financial position of the Company as at 31 December 2022.

OPINION OF THE DIRECTORS

In the opinion of the directors,

- (i) the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and of the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and
- (ii) 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.

DIRECTORS

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

Zheng Aimin	Lead Independent Director
Tang An	Independent Director
Wang Ziquan	Independent Director

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects was 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.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act 1967, the directors of the Company who held office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations except as stated below:

	Number of ordinary shares			
	Shareholdings registered in the name of the director		Shareholdings in which a director is deemed to have an interest	
	At beginning of financial year	At end of financial year	At beginning of financial year	At end of financial year
The Company				
Wong Siu Fai	–	–	137,364,352	114,364,352

The directors' interests in the ordinary shares of the Company as at 21 January 2023 were the same as those as at 31 December 2022.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

SHARE OPTIONS

There were no share options granted during the financial year to subscribe for unissued shares of the Company.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

AUDIT COMMITTEE

The members of the Audit Committee at the end of the financial year were as follows:

Tang An (Chairman, Independent Director)

Zheng Aimin (Independent Director)

Wang Ziquan (Independent Director)

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act 1967. In performing those functions, the Committee reviewed:

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2022 before their submission to the Board of Directors.

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

In appointing the auditors for the Company and its subsidiaries, the Company has complied with Rule 712 and 715 of the SGX-ST Listing Manual.

Further details regarding the Audit Committee are disclosed in the Corporate Governance Report in the Company's Annual Report.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

INDEPENDENT AUDITOR

The independent auditor, PKF-CAP LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

Tang An
Director

Zheng Aimin
Director

12 June 2023

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SUNRISE SHARES HOLDINGS LTD.

Report on the Audit of the Financial Statements

Qualified Opinion

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

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

Basis for Qualified Opinion

1) Consultancy management services to New Zealand Nan Fang Investment Limited

On 28 October 2021, the Group entered into an agreement with New Zealand Nan Fang Investment Limited ("NZ Nan Fang") to provide consultancy management services ("Consultancy Services") to NZ Nan Fang and its associate companies from 1 November 2021 to 30 June 2022. The fees charged amounted to \$120,000 per quarter. The Group recognised consultancy management service revenue of \$240,000 for the financial year ended 31 December 2022.

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SUNRISE SHARES HOLDINGS LTD.

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

Basis for Qualified Opinion (cont'd)

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

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

- a) the shares of NZ Nan Fang have been transferred numerous times among certain individuals ("Group of Individuals") and the Corporation H during 2021 and 2022. The Group of Individuals were at various periods appointed as director or key management personnel of the Company and/or companies linked to the Company's controlling shareholder ("Controlling Shareholder").
- b) the shares of the Corporation H were held by the Controlling Shareholder and his family members, and were transferred numerous times among the Controlling Shareholder, NZ Nan Fang and the Group of Individuals during 2021 and 2022.
- c) the shares of NZ Luck Star are held by a company ("NZ Sunrise Development") except for the period from 3 October 2021 to 7 December 2021 when its shares were held by a substantial shareholder ("Substantial Shareholder") of the Company. From 8 December 2021 to 2 April 2022, the shares of NZ Luck Star were transferred back to NZ Sunrise Development, a company controlled by the Controlling Shareholder.

We are not able to satisfy ourselves with respect to the commercial rationale and substance of these changes in the shareholdings of NZ Nan Fang and the Corporation H prior to the Group entering into the Consultancy Services agreement with NZ Nan Fang, and the commercial rationale for the Substantial Shareholder's temporary holding of NZ Luck Star's shares at the time of payment for the Consultancy Services by NZ Luck Star.

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

2) Loan to a corporation

On 27 December 2021, the Group entered into a loan agreement to provide a loan of RMB13,000,000 to a corporation ("SZXD"), as disclosed in Note 12 to the financial statements. The ultimate holding corporation of SZXD was the Corporation H. The loan was fully settled in January 2022, and interest income of RMB310,000 (equivalent to \$59,000) was recognized for the financial year ended 31 December 2022.

Based on the findings and explanations of the basis mentioned in section (1) of the Basis for Qualified Opinion, we are not able to satisfy ourselves with respect to the commercial rationale and substance of these numerous changes in the shareholdings of the Corporation H, prior to the Group extending the loan to SZXD.

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SUNRISE SHARES HOLDINGS LTD.

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

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

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

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

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

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other matter

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

Other information

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SUNRISE SHARES HOLDINGS LTD.

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

Key audit matters

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

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

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SUNRISE SHARES HOLDINGS LTD.

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

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

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

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

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

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

Report on other legal and regulatory requirements

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Titus Kuan Tjian.

PKF-CAP LLP

Public Accountants and
Chartered Accountants

Singapore

12 June 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

		Group	
	Note	2022 \$	2021 \$
Revenue	4	400,000	576,637
Other income:			
– Interest	5	89,022	508,364
– Others	5	82,529	413,733
Expenses			
Selling and distribution expense		(394)	(2,699)
Administrative expense		(1,523,295)	(964,206)
Other expenses	7	(686,249)	(56,897)
Finance costs	10	(797)	(806)
(Loss)/ Profit before tax	7	(1,639,184)	474,126
Tax expense	6	(234,700)	(406,309)
(Loss)/ Profit for the year		(1,873,884)	67,817
Other comprehensive (loss)/income:			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Currency translation differences arising on consolidation		(15,294)	210,835
Total comprehensive (loss)/income for the year		(1,889,178)	278,652
(Loss)/ Profit attributable to:			
Equity holders of the Company		(1,873,884)	67,817
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company		(1,889,178)	278,652
(Loss)/Earnings per share (cents per share) – Basic and diluted	9	(0.90)	0.03

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Note	Group		Company	
		2022 \$	2021 \$	2022 \$	2021 \$
ASSETS					
Non-current assets					
Right-of-use assets	10	-	14,583	-	-
Investment in subsidiaries	11	-	-	10,000	10,000
Total non-current assets		-	14,583	10,000	10,000
Current assets					
Trade and other receivables	12	27,769	4,192,204	956,505	1,818,831
Cash and cash equivalents	15	4,134,205	2,263,133	331,110	1,641,290
Total current assets		4,161,974	6,455,337	1,287,615	3,460,121
Total assets		4,161,974	6,469,920	1,297,615	3,470,121
EQUITY AND LIABILITIES					
Equity					
Share capital	13	25,668,295	25,668,295	25,668,295	25,668,295
Foreign currency translation reserve	14	124,937	140,231	-	-
Statutory reserve	15	523,157	523,157	-	-
Accumulated losses		(22,514,299)	(20,640,415)	(24,707,515)	(22,665,666)
Total equity		3,802,090	5,691,268	960,780	3,002,629
Current liabilities					
Trade and other payables	16	307,145	258,991	336,835	203,262
Contract liability		-	40,000	-	-
Loan from shareholder	17	-	264,230	-	264,230
Lease liabilities	10	-	15,147	-	-
Tax payable		52,739	200,284	-	-
Total liabilities		359,884	778,652	336,835	467,492
Total equity and liabilities		4,161,974	6,469,920	1,297,615	3,470,121

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Share capital \$	Foreign currency translation reserve \$	Statutory reserve \$	Accumulated losses \$	Total equity \$
Group 2022					
Balance at 1 January 2022	25,668,295	140,231	523,157	(20,640,415)	5,691,268
Loss for the year	-	-	-	(1,873,884)	(1,873,884)
<i>Other comprehensive loss</i>	-	(15,294)	-	-	(15,294)
Currency translation differences arising on consolidation	-	(15,294)	-	-	(15,294)
Total comprehensive loss for the year	-	(15,294)	-	(1,873,884)	(1,889,178)
Balance at 31 December 2022	25,668,295	124,937	523,157	(22,514,299)	3,802,090
2021					
Balance at 1 January 2021	25,668,295	(70,604)	523,157	(20,708,232)	5,412,616
Profit for the year	-	-	-	67,817	67,817
<i>Other comprehensive income</i>	-	210,835	-	-	210,835
Currency translation differences arising on consolidation	-	210,835	-	-	210,835
Total comprehensive income for the year	-	210,835	-	67,817	278,652
Balance at 31 December 2021	25,668,295	140,231	523,157	(20,640,415)	5,691,268

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

		2022 \$	2021 \$
Cash flows from operating activities			
(Loss)/Profit before tax		(1,639,184)	474,126
Adjustments for:			
Depreciation of right-of-use assets	7	12,962	13,995
Interest income	5	(89,022)	(508,364)
Interest expense	10	797	806
Operating cash flows before working capital changes		(1,714,447)	(19,437)
Changes in working capital			
Trade and other receivables		15,040	1,367,342
Trade and other payables		8,154	24,908
Cash (used in)/generated from operations		(1,691,253)	1,372,813
Income tax paid		(382,245)	(342,364)
Net cash (used in)/generated from operating activities		(2,073,498)	1,030,449
Cash flows from investing activities			
Interest received		89,022	471,440
Loan to a third party		-	(4,152,471)
Repayment of loan from a third party		4,149,395	3,637,980
Net cash generated from/(used in) investing activities		4,238,417	(43,051)
Cash flows from financing activities			
Repayment of loan to a shareholder	17	(264,230)	(406,770)
Loan received from shareholder	17	-	671,000
Repayments of lease liabilities	10	(13,702)	(13,988)
Interest paid	10	(797)	(806)
Net cash (used in)/ generated from financing activities		(278,729)	249,436
Net increase in cash and cash equivalents		1,886,190	1,236,834
Cash and cash equivalents at beginning of the financial year		2,263,133	960,978
Effects of exchange rate changes on cash and cash equivalents		(15,118)	65,321
Cash and cash equivalents at end of the financial year		4,134,205	2,263,133

Cash and cash equivalents comprise cash and bank balances.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 CORPORATE INFORMATION

Sunrise Shares Holdings Ltd. (Co. Reg. No. 198201457Z) (the 'Company') is a Company incorporated and domiciled in Singapore. The address of its registered office is at 30 Cecil Street #19-08 Prudential Tower, Singapore 049712.

The Company was listed on the Catalist Board of the SGX-ST on 14 December 1994.

The principal activity of the Company is that of investment holding company. The principal activities of the subsidiaries are disclosed in Note 11 to the financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)s") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I)s requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

The financial statements are presented in Singapore dollars ("S\$"), which is the functional currency of the Company.

2.2 Adoption of new and amended standards and interpretations

New and revised standards that are adopted

On 1 January 2022, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Adoption of new and amended standards and interpretations (cont'd)

New and revised standards not yet effective

New standards, amendments to standards and interpretations that have been issued at the end of the reporting date but are not yet effective for the financial year ended 31 December 2022 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company.

Description	Effective for annual periods beginning on or after
Amendments to SFRS(I) 1-1 and SFRS(I) Practise Statement 2: Disclosure of Accounting Policies	1 January 2023
Amendments to SFRS(I) 1-8: Definition of Accounting Estimates	1 January 2023
Amendments to SFRS(I) 1-12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to SFRS(I) 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to SFRS(I) 1-1: Non-current Liabilities with Covenants	1 January 2024
Amendments to SFRS(I) 10 and SFRS(I) 1-28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

2.3 Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

Property consultancy and management

Revenue from property consultancy services, consultancy management services and sales brokerage commission are recognised as follows:

Over time

- (i) Property consultancy fees arising from the management of development projects are recognised using the output method based on specific service deliverables achieved over the duration of the development property project.
- (ii) Consultancy management fees are recognised on a monthly basis as management services are rendered.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Revenue recognition (cont'd)

Over time (cont'd)

Revenue is recognised when the services are rendered as the customer simultaneously receives and consumes the benefits provided by the Group's property consultancy and property management services. The Group will bill customer progressively in accordance to the billing terms in the sales contract and customers are required to pay within 30 days from the invoice date. No element of financing is deemed present.

At a point in time

Sales brokerage commission arising from the sale of development projects are recognised at a point in time when the specified terms stipulated in the customers' contracts are achieved and when the Group's enforceable right to payment is unconditional because only the passage of time is required before the payment is due.

Interest income

Interest income is recognised using the effective interest method.

2.4 Basis of consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group 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. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Acquisition

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of consolidation (cont'd)

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill.

Disposal

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific SFRS(I).

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

2.5 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, (or, where applicable, when an annual impairment testing for an asset is required), the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

When a Group entity is the lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities representing the obligations to make lease payment and right-of-use assets representing the right to use the underlying leased assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets include the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.5.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The Group's lease liabilities are included in Note 10.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Leases (cont'd)

When a Group entity is the lessee (cont'd)

Short-term leases and leases of low value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option.) It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short term leases and leases of low value assets are recognized as expense on a straight-line basis over the lease term.

2.7 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a tax authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Income taxes (cont'd)

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a tax authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are amortised cost, fair value through other comprehensive income (FVOCI) and FVPL. The Group only has debt instruments at amortised cost.

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognized in profit or loss when the assets are derecognised or impaired, and through the amortisation process.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Financial instruments (cont'd)

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at FVPL, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at FVPL are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2.9 Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment which could affect debtors' ability to pay.

The Group considers a financial asset in default when contractual payments are 60 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

2.11 Share capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.12 Statutory reserve

In accordance with the relevant laws and regulations in PRC applicable to foreign investments enterprises and the Articles of Association of the PRC subsidiary companies, the subsidiary companies are required to make appropriation from profit after taxation as reported in the PRC statutory financial statements to reserve fund at a rate as determined by the Board of Directors. The transfer to this reserve must be made before the payment of dividends to shareholders. In the event that the PRC subsidiary company has accumulated losses, the transfer of this reserve can only be made after the accumulated losses are fully set off against current year net profit.

The reserve fund can only be used to set off against accumulated losses or to increase the registered capital of the PRC subsidiary company, subject to approval from the PRC authorities. This reserve fund is not available for dividend appropriation to the shareholders.

2.13 Investment in subsidiaries

Investment in subsidiaries is carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.14 Employee benefits

Employee leave entitlement

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long-service leave as a result of services rendered by employees up to the end of the reporting period.

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund, and will have no legal or constructive obligation to pay further contributions once the contributions have been paid. Contributions to defined contribution plans are recognised as an expense in the period in which the related service is performed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollars ("SGD" or "\$"), which is the functional currency of the Company.

b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. Monetary items include primarily financial assets (other than equity investments), contract assets and financial liabilities. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses impacting profit or loss are presented in the income statement within "other income".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities are translated at the closing exchange rates at the reporting date;
- (ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal with loss of control of the foreign operation.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Borrowing costs

All borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss in the period in which they are incurred.

2.17 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgement in applying the entity's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 2, management has made the following judgement that has the most significant effect on the amounts recognised in the financial statements.

Revenue recognition – property consultancy and management segment

Management judgement is required in determining the timing of satisfaction of performance obligations in its customer contracts taking into account that revenue arrangements are bespoke to each customer both in terms of their fee structures and the range and/or type of service provided.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, 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.

Income taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, the amount and timing of future taxable income and deductibility of certain expenditure. Accordingly, there are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on reasonable estimates of whether additional taxes will be due. Where the final tax outcome of these matters is concluded and different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of income tax payables of the Group at 31 December 2022 is \$52,739 (2021: \$200,284).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

4 REVENUE

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

	Group	
	2022	2021
	\$	\$
<i>Timing of revenue recognition</i>		
At a point in time:		
Sales brokerage commission	-	79,534
Over time:		
Property consultancy and management fee	400,000	497,103
	400,000	576,637

5 OTHER INCOME

	2022	2021
	\$	\$
Interest income from third party	89,022	508,364
Others		
- Foreign currency exchange gain, net	82,529	413,733
	171,551	922,097

6 TAX EXPENSE

	Group	
	2022	2021
	\$	\$
Tax expense attributable to profits is made up of:		
- Current income tax provision	48,950	248,004
- Withholding tax expenses	185,750	158,305
	234,700	406,309

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

6 TAX EXPENSE (CONT'D)

The income tax expense on the results of the financial year differs from the amount of income tax determined by applying the Singapore statutory rate of income tax due to the following factors:

	Group	
	2022	2021
	\$	\$
(Loss)/Profit before tax	(1,639,184)	474,126
Tax calculated at a tax rate of 17%	(278,661)	80,601
Effect of different tax rates in other countries	-	42,672
Others	-	3,599
Non-deductible expenses	106,218	22,487
Non-taxable income	(17,425)	-
Withholding tax	185,750	158,305
Deferred tax assets not recognised	238,818	98,645
	234,700	406,309

At 31 December 2022, the Group has deferred tax assets in respect of tax losses of \$2,957,713 (2021: \$1,552,903) that are available for carry forward to offset against future taxable income subject to agreement by the tax authority and compliance with relevant provisions of the Singapore Income Tax Act. The potential deferred tax assets have not been recognised in the financial statements as it is not probable that future taxable profit will be sufficient to allow the related tax benefits to be utilised. The unutilised tax losses do not expire under current tax legislation.

7 (LOSS)/PROFIT BEFORE TAX

	Group	
	2022	2021
	\$	\$
(Loss)/Profit before tax is arrived at after charging:		
Audit fees paid/payable to:		
– auditor of the Company	140,000	55,000
– other auditors*	6,650	33,248
Professional fee	878,635	247,961
Short term lease expenses (Note 10)	7,970	-
Staff costs (Note 8)	372,489	510,736
Depreciation of right-of-use assets (Note 10)	12,962	13,995
Other expenses:		
– Loss on investment in short term foreign currencies	-	56,897
– Loss on forex trading activities	569,689	-
– Commission paid to forex trading activities	116,560	-
	686,249	56,897

* Includes independent member firms of the PKF International network.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

8 STAFF COSTS

	Group	
	2022	2021
	\$	\$
Salaries and related costs	368,096	505,427
Contributions to defined contribution plans	4,393	5,309
	372,489	510,736

9 (LOSS)/EARNINGS PER SHARE

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

	Total	
	2022	2021
(Loss)/Profit for the year	(1,873,884)	67,817
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share ('000)	209,337	209,337
Basic and diluted (loss)/earnings per share (cents per share)	(0.90)	0.03

10 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group as a lessee

Nature of the Group's leasing activities

The Group's leasing activities comprise the following:

- i) The Group leases office unit from non-related party.
- ii) The Group leases shared office space with contractual terms of 6 months. The Group has elected not to recognise right-of-use assets and lease liabilities for this short-term lease.

The maturity analysis of the lease liabilities is disclosed in Note 18.

Amounts recognised in statement of financial position

	2022	2021
	\$	\$
<u>Carrying amount of right-of-use assets</u>		
Office unit	-	14,583
<u>Carrying amount of lease liabilities</u>		
Current	-	15,147

There were no additions during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

10 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

The Group as a lessee (cont'd)

Nature of the Group's leasing activities (cont'd)

Amounts recognised in profit or loss

	2022 \$	2021 \$
Depreciation charge for the financial year		
Office unit	12,962	13,995
<u>Lease expense not included in the measurement of lease liabilities</u>		
Lease expense – short term leases	7,970	–
Interest expense on lease liabilities	797	806

During the financial year, total cash flow for leases amounted to S\$22,469 (2021: \$14,794).

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

	Lease liabilities	
	2022 \$	2021 \$
Balance at 1 January	15,147	28,059
Changes from financing cash flows:		
– Principal repayments	(13,703)	(13,988)
– Interest paid	(797)	(806)
Non-cash changes:		
– Interest expense	797	806
– Effect of changes in foreign exchange rates	(1,444)	1,076
Balance at 31 December	–	15,147

11 INVESTMENT IN SUBSIDIARIES

	Company	
	2022 \$	2021 \$
Unquoted equity shares, at cost		
At 1 January	10,000	336,568
Disposal	–	(326,568)
At 31 December	10,000	10,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

11 INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Details of subsidiaries held by the Company are:

Name of subsidiary and country of business/incorporation	Principal activities	Effective equity interest	
		2022 %	2021 %
Sunrise Industrial (Singapore) Pte. Ltd. ⁽²⁾ (Singapore)	Property fund management and real estate investment trusts	100	100
Sunrise Investment Limited ⁽¹⁾ (Cayman Island)	Investment holding	100	100
<u>Held by Sunrise Industrial (Singapore) Pte. Ltd.</u>			
Hong Kong Sunrise Industrial Development Limited ⁽³⁾ (Hong Kong)	Property consultancy, management and related services	100	100
<u>Held by Hong Kong Sunrise Industrial Development Limited</u>			
Hong Kong Sunrise Consultant Limited ⁽³⁾ (Hong Kong)	Investment holding company	100	100
<u>Held by Hong Kong Sunrise Consultant Ltd</u>			
Shenzhen Sunrise Development Limited ⁽¹⁾ (China)	Property consultancy, management and related services	100	100
<u>Held by Shenzhen Sunrise Development Limited</u>			
Shenzhen Kimshek Consultancy Management Limited ⁽¹⁾ (China)	Property consultancy, management and related services	100	100
Shenzhen Zhongtong Apartment Management Limited (Formerly known as Shenzhen Kimshek Construction Project Management Limited) ⁽¹⁾ (China)	Property consultancy, management and related services	100	100

1 Not required to be audited.

2 Audited by PKF-CAP LLP.

3 Audited by independent member firm of PKF International.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

12 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022 \$	2021 \$	2022 \$	2021 \$
Prepayments	308	2,809	–	2,809
Other receivables	27,461	4,189,395	2,809	1,374,000
Amount due from subsidiaries	–	–	953,696	442,022
	27,769	4,192,204	956,505	1,818,831

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

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL was as follows:

	Company	
	2022 \$	2021 \$
Balance as at the beginning of the year	69,655	69,655
Provision for expected credit losses	693,045	–
Reversal of provision for expected credit losses	(69,655)	–
Balance as at end of the year	693,045	69,655

As at 31 December 2021, included in other receivables are loans to third parties of \$4,149,395. These loans were repaid in January 2022. The terms of these loans are as follows:

Loan	Security	Pledge	Interest	Principal amount	Balance at 31.12.2021
A	Secured	Property	2% per month	RMB13,000,000	\$2,825,395
B	Unsecured	Nil	3% per month	\$1,300,000	\$1,324,000
					\$4,149,395

13 SHARE CAPITAL

	2022		2021	
	Number of issued shares	Issued share capital \$	Number of issued shares	Issued share capital \$
Issued and fully paid ordinary shares				
Balance at beginning and end of financial year	209,337,290	25,668,295	209,337,290	25,668,295

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

14 FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve comprises foreign currency differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

15 STATUTORY RESERVE

In accordance with the Foreign Enterprise Law applicable to entities in the PRC, the Group's PRC subsidiaries are required to make appropriation to a Statutory Reserve Fund (SRF). At least 10% of the profit after tax as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the SRF until the cumulative total of the SRF reaches 50% of the PRC entity's registered capital. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the PRC entity. The SRF is not available for dividend distribution to shareholders.

16 TRADE AND OTHER PAYABLES

	Group		Company	
	2022 \$	2021 \$	2022 \$	2021 \$
Trade payables	59,564	50,830	–	–
Accruals	171,207	188,567	168,900	133,062
Other payables	76,374	19,594	49,927	–
Amount due to a subsidiary	–	–	118,008	70,200
	307,145	258,991	336,835	203,262

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

17 SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties, on terms agreed by the parties concerned:

Loan from shareholder

Loan from shareholder is non-trade in nature, unsecured, bears interest of 1.2% per annum and repayable within one year.

	Group	
	2022 \$	2021 \$
At 1 January	264,230	–
Loan received from shareholder	–	671,000
Repayment of loan to shareholder	(264,230)	(406,770)
At 31 December	–	264,230

	Group	
	2022 \$	2021 \$
Payment received from a related party on behalf of a customer	120,000	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

17 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

Key management personnel compensation

	Group	
	2022	2021
	\$	\$
Directors' fee	90,000	90,000
Short-term employee benefits	232,950	203,000
Contributions to defined contribution plans	2,750	–
Total key management personnel compensation incurred by the Group	325,700	293,000

18 FINANCIAL RISK MANAGEMENT

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include foreign currency risk, interest rate risk, credit risk and liquidity risk. The Group's and the Company's overall financial risk management strategy seeks to minimise adverse effects from these financial risks on the Group's and the Company's financial performance. 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.

Foreign currency risk

The Group operates internationally and is subject to various currency exposures, primarily with respect to the United States Dollar ("USD"), Chinese Renminbi ("RMB") and Hong Kong Dollar ("HKD"). Currency risk arises from recognised assets and liabilities and net investments in foreign operations.

The Group has certain investments in foreign operations, whose net assets are exposed to currency translation risk. Currency exposures to the net assets of the Group's foreign operations in Malaysia and Indonesia are kept at a minimal level. The Group does not presently hedge this foreign exchange exposure.

Generally, recognised assets and liabilities are denominated in currencies that match the cash flows generated by the underlying operations of the Group, primarily in Singapore Dollar, USD, RMB and HKD. This provides an economic hedge without derivatives being entered into and therefore hedge accounting is not applied in these circumstances. The Group monitors exposure of foreign currency risk on an ongoing basis by reviewing the liquid assets and liabilities held in currencies other than the Singapore Dollar to ensure that the net exposure are within acceptable parameters.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

18 FINANCIAL RISK MANAGEMENT (CONT'D)

Foreign currency risk (cont'd)

	Singapore Dollar S\$	United States Dollar S\$	Chinese Renminbi S\$	Hong Kong Dollar S\$	Total S\$
2022					
Group					
Trade and other receivables	7,571	–	19,890	–	27,461
Cash and cash equivalents	2,908,690	278,502	538,523	408,490	4,134,205
Trade and other payables	(229,618)	–	(60,456)	(17,071)	(307,145)
Net financial assets	2,686,643	278,502	497,957	391,419	3,854,521
Less: Net financial liabilities/ (assets) denominated in the respective entities' functional currency	(60,269)	–	(497,957)	(162,425)	(720,651)
Currency exposure	2,626,374	278,502	–	228,994	3,133,870

Sensitivity analysis for foreign currency risk

A 10% strengthening/weakening of SGD against foreign currency denominated balances as at the reporting date would increase/(decrease) net profit by the amounts shown below. This analysis assumes that all other variables remain constant.

	Increase/(decrease) net profit 2022 S\$
USD against SGD – Strengthened 10%	27,805
– Weakened 10%	(27,805)
HKD against SGD – Strengthened 10%	32,826
– Weakened 10%	(32,826)

Interest rate risk

Interest rate risk is the risk that the fair values or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk related primarily to interest bearing financial assets.

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	
	2022 \$	2021 \$
<i>Fixed rate instrument</i>		
Other receivables	–	4,189,395

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

18 FINANCIAL RISK MANAGEMENT (CONT'D)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. For trade receivables, the Group adopt the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group and the Company adopt the policy of dealing only with high credit quality counterparties.

The Group has adopted a policy of only dealing with creditworthy counterparties. The Group performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The following sets out the Group's internal credit evaluation practices and basis for recognition and measurement of expected credit losses (ECL):

Description of evaluation of financial assets	Basis for recognition and measurement of ECL
Counterparty has a low risk of default and does not have any past due amounts	12-month ECL
Contractual payments are more than 30 days past due or where there has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit-impaired
Contractual payments are more than 90 days past due or there is evidence of credit impairment	Lifetime ECL – credit-impaired
There is evidence indicating that the Group has no reasonable expectation of recovery of payments such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings	Write-off

Trade receivables

For trade receivables, the Group has applied the simplified approach in FRS 109 to measure the loss allowance at lifetime ECL. The Group determines the ECL by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of trade receivables is presented based on their past due status in terms of the provision matrix.

Other receivables

The Group assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Group measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

Maximum exposure and concentration of credit risk

At the reporting date, approximately Nil (2021: 100%) of the Group's trade and other receivables (excluding prepayments) generated were due from Nil (2021: 2) major customers. The Company has no significant concentration of credit risk except for amount due from subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

18 FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (cont'd)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group manage the liquidity risk by maintaining sufficient cash to enable them to meet their normal operating commitments.

The table below summarises the maturity profile of the Group's and the Company's non-derivative financial liabilities at end of the reporting period based on contractual undiscounted repayment obligations.

	1 year or less \$	1 to 5 years \$	Total \$
Group			
2022			
Trade and other payables	307,145	-	307,145
2021			
Trade and other payables	258,991	-	258,991
Loan from shareholder	274,862	-	274,862
Lease liabilities	15,415	-	15,415
	549,268	-	549,268
Company			
2022			
Trade and other payables	336,835	-	336,835
2021			
Trade and other payables	203,262	-	203,262
Loan from shareholder	274,862	-	274,862
	478,124	-	478,124

19 FAIR VALUES OF ASSETS AND LIABILITIES

The carrying amounts of financial assets and financial liabilities at amortised cost are reasonable approximation of fair values due to their short-term nature.

20 CATEGORIES OF FINANCIAL INSTRUMENTS

The carrying amounts of the different categories of financial instruments are as follows:

	Group		Company	
	2022 \$	2021 \$	2022 \$	2021 \$
Financial assets at amortised costs	4,161,666	6,452,528	1,717,615	3,457,312
Financial liabilities at amortised cost	307,145	538,368	766,835	467,492

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

21 CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and net current asset position in order to support its business and maximise shareholder value. The capital structure of the Group comprises issued share capital and retained earnings.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made to the objectives, policies or processes during the financial years ended 31 December 2022 and 31 December 2021.

22 SEGMENT INFORMATION

The Group has one (2021: two) reportable segment(s), 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 CEO and the directors (collectively "CODM") reviews internal management reports on a monthly basis to make strategic decisions and resource allocation. The following summary describes the operations in each of the Group's reportable segments:

- (a) Property consultancy and management services
- (b) Investment business – short term loans to third parties

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 CODM. Segment (loss)/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.

	Property consultancy and management services	Others	Total
	\$	\$	\$
2022			
Segment revenue			
Sales to external customers	400,000	–	400,000
Depreciation	12,962	–	12,962
Loss before tax	387,973	(2,027,157)	(1,639,184)
Tax expense	(48,778)	(185,922)	(234,700)
Net loss attributable to owners of the Company	339,195	(2,213,079)	(1,873,884)
<i>Assets and liabilities:</i>			
Reportable segment assets	2,698,864	1,463,110	4,161,974
Reportable segment liabilities	307,145	52,739	359,884

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

22 SEGMENT INFORMATION (CONT'D)

	Property consultancy and management services \$	Investment business \$	Total \$
2021			
Segment revenue			
Sales to external customers	576,637	–	576,637
Depreciation			
Profit before tax	437,202	36,924	474,126
Tax expense	(406,309)	–	(406,309)
Net profit attributable to owners of the Company	<u>30,893</u>	<u>36,924</u>	<u>67,817</u>
<i>Assets and liabilities:</i>			
Reportable segment assets	2,280,525	2,548,105	4,828,630
Unallocated assets	–	–	1,641,290
			<u>6,469,920</u>
Reportable segment liabilities	578,368	–	578,368
Unallocated liabilities			200,284
			<u>778,652</u>

Unallocated assets consist mainly of head office cash balances and other receivables.

Unallocated liabilities mainly consists of income tax payable balances.

Geographical segments

The property consultancy and management segment operates in China. The investment business is managed locally and operate in two principal countries, namely Singapore and China.

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.

The Group's revenue is derived solely from China.

For the financial year ended 31 December 2021, the Group's non-current assets are located in China.

Information about major customers

Revenue of approximately \$400,000 (2021: \$576,637) are derived from 2 (2021: 3) external customers who individually contributed 10% or more of the Group's revenue reported under the property consultancy and management segment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

23 BASIS FOR DISCLAIMER OF OPINION ON THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

The independent auditor's report dated 20 May 2022 contained a disclaimer of opinion on the financial statements for the financial year ended 31 December 2021. The extract of the basis for disclaimer of opinion is as follows:

Basis for Disclaimer of Opinion

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

On 28 October 2021, the Group entered into an agreement with New Zealand Nan Fang Investment Limited ("NZ Nan Fang") to provide consultancy management services ("Consultancy Services") to NZ Nan Fang and its associate companies. The fees charged amounted to \$120,000 per quarter, starting from 1 November 2021. The Group recognised consultancy management service revenue of \$80,000 for the financial year ended 31 December 2021 and a contract liability of \$40,000 as at 31 December 2021. On 9 November 2021, the Group received an amount of \$120,000 from New Zealand Luck Star Investment Limited ("NZ Luck Star"). Management represented that this represents payment made on behalf of NZ Nan Fang by NZ Luck Star to the Group for the consultancy management services.

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

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

- (a) the shares of NZ Nan Fang have been transferred numerous times among certain individuals ("Connected Parties") and the Connected Corporation during the financial year. The Connected Parties were at various periods appointed as director or key management personnel of the Company and/or companies linked to the Company's controlling shareholder ("Controlling Shareholder").
- (b) the shares of the Connected Corporation were held by the Controlling Shareholder and his family members, and were transferred numerous times among the Controlling Shareholder, NZ Nan Fang and the Connected Parties during the financial year.
- (c) the shares of NZ Luck Star are held by a company ("NZ Sunrise Development") except for the period from 3 October 2021 to 7 December 2021 when its shares were held by a substantial shareholder ("Substantial Shareholder") of the Company. On 8 December 2021, the shares of NZ Luck Star were transferred back to NZ Sunrise Development, a company controlled by the Controlling Shareholder.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

23 BASIS FOR DISCLAIMER OF OPINION ON THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

Basis for Disclaimer of Opinion (cont'd)

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

In the course of our discussion with the Connected Parties, we received representations of circumstances where individuals whose names are recorded in the registers of shareholdings of NZ Nan Fang and the Connected Corporation were purportedly holding these shares on behalf of other individuals.

We are not able to satisfy ourselves with respect to the commercial rationale and substance of these numerous changes in the shareholdings of NZ Nan Fang and the Connected Corporation prior to the Group entering into the Consultancy Services agreement with NZ Nan Fang, and the commercial rationale for the Substantial Shareholder's temporary holding of NZ Luck Star's shares at the time of payment for the Consultancy Services by NZ Luck Star. In addition, we received inconsistent representations from the Connected Parties in the course of our audit, and as such, we are unable to satisfactorily assess and conclude whether the provision of Consultancy Services to NZ Nan Fang and receipt of consultancy services fee of \$120,000 from NZ Luck Star are related party transactions and whether the Consultancy Services agreement is entered into on normal commercial terms.

Consequently, we are unable to conclude if any adjustments and further disclosures are required on the consolidated financial statements with respect to the provision of Consultancy Services and the payment received.

(2) Sales brokerage commission

On 17 August 2020, the Group entered into a sale brokerage contract with a customer ("Customer ZJ"). The contract was subsequently terminated on 2 February 2021. The Group has recognised sales brokerage commission from Customer ZJ amounting to \$79,534 and \$872,771 for the financial year 31 December 2021 and 31 December 2020 respectively.

Management represented that the provision of sale brokerage services ("Sale brokerage") to Customer ZJ is not a related party transaction for the Group.

On 6 November 2020, an intermediate holding corporation of Customer ZJ ("GS 88"), was acquired by a company ("PSuccess") which is owned by NZ Nan Fang.

Based on the background search performed on PSuccess, it came to our attention that the shares of PSuccess have been transferred numerous times among the Connected Parties and NZ Nan Fang in the previous financial year before its acquisition of GS 88 and Customer ZJ. In the course of our discussion with the Connected Parties, we also received representations of circumstances where individuals whose names are recorded in the register of shareholdings of PSuccess were purportedly holding these shares on behalf of other individuals.

We are not able to satisfy ourselves with respect to the commercial rationale and substance of these numerous changes in the shareholdings of PSuccess, prior to its acquisition of GS 88 and Customer ZJ. In addition, we received inconsistent representations from the Connected Parties in the course of our audit, and as such, we are unable to satisfactorily assess and conclude whether the provision of Sale brokerage services is a related party transaction and whether the sale brokerage contract is entered into on normal commercial terms.

Consequently, we are unable to conclude if further disclosures are required on the prior year's and current year's consolidated financial statements with respect to provision of Sale brokerage services to customer ZJ.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

23 BASIS FOR DISCLAIMER OF OPINION ON THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

Basis for Disclaimer of Opinion (cont'd)

(3) Property consultancy and management fee

On 28 May 2020, the Group entered into a property consultancy and management service contract with a customer ("Customer HN"). The contract was subsequently terminated on 31 December 2021. The Group has recognised property consultancy and management service fee from Customer HN amounting to \$281,378 for the financial year ended 31 December 2021.

Management represented that the provision of property consultancy and management services ("Property Consultancy") to Customer HN is not a related party transaction to the Group.

On 12 July 2021, the shares in the intermediate holding corporation of Customer HN were transferred to GS 88 which is owned by PSuccess and ultimately owned by NZ Nan Fang.

Based on the findings and explanations of the basis mentioned in sections (1) and (2) of the Basis for Disclaimer of Opinion, we are not able to satisfy ourselves with respect to the commercial rationale and substance of these numerous changes in the shareholdings of NZ Nan Fang and PSuccess, prior to their acquisition of Customer HN. In addition, we received inconsistent representations from the Connected Parties in the course of our audit, and as such, we are unable to satisfactorily assess and conclude whether the provision of Property Consultancy services to Customer HN is a related party transaction.

Consequently, we are unable to conclude if any adjustments and further disclosures are required on the current year's consolidated financial statements with respect to the provision of Property Consultancy to Customer HN.

(4) Loan to a corporation

On 27 December 2021, the Group entered into a loan agreement to provide a loan of RMB13,000,000 to a corporation ("SZXD"), as disclosed in note 12 to the financial statements.

The ultimate holding corporation of SZXD was the Corporation H.

Based on the findings and explanations of the basis mentioned in section (1) of the Basis for Disclaimer of Opinion, we are not able to satisfy ourselves with respect to the commercial rationale and substance of these numerous changes in the shareholdings of the Corporation H, prior to the Group extending the loan to SZXD. In addition, we received inconsistent representations from the Connected Parties in the course of our audit, and as such, we are unable to satisfactorily assess and conclude whether the loan to SZXD is a related party transaction and whether the loan agreement is entered into on normal commercial terms.

Consequently, we are unable to conclude if any adjustments and further disclosures are required on the current year's consolidated financial statements with respect to the loan to SZXD.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

23 BASIS FOR DISCLAIMER OF OPINION ON THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

Basis for Disclaimer of Opinion (cont'd)

(5) Loan to Nan Fang (Singapore) Investment Fund Management Pte Ltd

On 8 December 2021, the Group entered into a loan agreement to provide a loan of \$1,300,000 to Nan Fang (Singapore) Investment Fund Management Pte Ltd ("Nan Fang Singapore"), as disclosed in Note 12 to the financial statements.

Based on the background search on Nan Fang Singapore, it came to our attention that the shares of Nan Fang Singapore have been transferred numerous times among the Connected Parties, PSuccess and a company linked to the Controlling Shareholder, in the previous and current financial years.

In the course of our discussion with the Connected Parties, we also received representations of circumstances where individuals whose names are recorded in the register of shareholdings of Nan Fang Singapore were purportedly holding these shares on behalf of other individuals.

We are not able to satisfy ourselves with respect to the commercial rationale and substance of these numerous changes in shareholdings of Nan Fang Singapore, before the loan of \$1,300,000 was provided by the Group. In addition, we received inconsistent representations from the Connected Parties in the course of our audit, and as such, we are unable to satisfactorily assess and conclude whether the loan to Nan Fang Singapore is a related party transaction and whether the loan agreement is entered into on normal commercial terms.

Consequently, we are unable to conclude if any adjustments and further disclosures are required on the current year's financial statements with respect to the loan to Nan Fang Singapore.

24 AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements for the financial year ended 31 December 2022 were authorised for issue in accordance with a resolution of the board of directors of the Company dated 12 June 2023.

STATISTICS OF SHAREHOLDINGS

AS AT 31 MAY 2023

Issued and fully paid-up share capital	–	S\$25,727,943
Class of shares	–	Ordinary shares
Number of issued shares (excluding treasury shares and subsidiary holdings)	–	209,337,290 (with voting rights)
Voting rights	–	One (1) vote per ordinary
Number of treasury shares and percentage	–	Nil
Number of subsidiary holdings and percentage	–	Nil

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	1	0.13	10	0.00
100 – 1,000	155	20.64	140,850	0.07
1,001 – 10,000	262	34.89	1,400,300	0.67
10,001 – 1,000,000	316	42.08	37,608,643	17.96
1,000,001 AND ABOVE	17	2.26	170,187,487	81.30
TOTAL	751	100.00	209,337,290	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	SUNRISE WEALTH MANAGEMENT PTE. LTD.	69,012,815	32.97
2	PROSPERITY LUCK OVERSEAS INC	45,351,537	21.66
3	CHINA CHANNEL TECHNOLOGIES LIMITED	23,000,000	10.99
4	CITIBANK NOMINEES SINGAPORE PTE LTD	5,386,100	2.57
5	NAN FANG (SINGAPORE) INVESTMENT FUND MANAGEMENT PTE LTD	5,000,000	2.39
6	PHILLIP SECURITIES PTE LTD	3,905,835	1.87
7	CHEE SUWEN	2,800,000	1.34
8	YEO SENG BUCK	2,500,000	1.19
9	PEH SEE CHUAN	1,950,000	0.93
10	LIM & TAN SECURITIES PTE LTD	1,620,000	0.77
11	DBS NOMINEES (PRIVATE) LIMITED	1,549,000	0.74
12	TIGER BROKERS (SINGAPORE) PTE. LTD.	1,451,000	0.69
13	ONG SWEE WHATT	1,420,300	0.68
14	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	1,367,500	0.65
15	MO PIN SUM	1,340,000	0.64
16	TOCK SAW KEOW	1,278,000	0.61
17	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	1,255,400	0.60
18	LI YING	1,000,000	0.48
19	WONG LIANG SWAN	1,000,000	0.48
20	WU YUE	1,000,000	0.48
	TOTAL	173,187,487	82.73

STATISTICS OF SHAREHOLDINGS

AS AT 31 MAY 2023

SUBSTANTIAL SHAREHOLDERS

(As shown in the Register of Substantial Shareholders as at 31 May 2023)

Name of Shareholders	Direct Interest		Deemed Interest	
	No. of Shares Held	%	No. of Shares Held	%
Sunrise Wealth Management Pte. Ltd.	69,012,815	32.97	–	–
Prosperity Luck Overseas Inc. ⁽¹⁾	45,351,537	21.66	69,012,815	32.97
China Channel Technologies Limited	23,000,000	10.99	–	–
Lai Su Hung ⁽²⁾	–	–	23,000,000	10.99
Sino Yu Pte. Ltd. ⁽³⁾	–	–	114,364,352	54.63
Wong Siu Fai ⁽⁴⁾	–	–	114,364,352	54.63

Notes:

- (1) Prosperity Luck Overseas Inc. is deemed to be interested in the Company's shares ("Shares") held by Sunrise Wealth Management Pte. Ltd. ("SWM") through its 100% interest in the issued share capital of SWM.
- (2) Lai Su Hung is deemed interested in the Shares held by China Channel Technologies Limited ("CCTL") through his 100% interest of the issued share capital of CCTL.
- (3) Sino Yu Pte. Ltd. is deemed interested in the Shares held by SWM through its 100% interest in the issued share capital of Prosperity Luck Overseas Inc.
- (4) Wong Siu Fai is deemed interested in the Shares held by SWM through his 100% interest in the issued share capital of Sino Yu Pte. Ltd.

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

As at 31 May 2023, 34.38% 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. (“**Company**”) will be held by way of electronic means on Wednesday, 28 June 2023 at 10.00 a.m. for the following purposes.

ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements and Directors’ Statement for the financial year ended 31 December 2022 together with the Independent Auditors’ Report thereon. **(Resolution 1)**
2. To re-elect the following Directors of the Company who are retiring pursuant to Regulation 91 of the Constitution of the Company:

Mr Tang An (Regulation 91) **(Resolution 2)**
Mr Wang Ziquan (Regulation 91) **(Resolution 3)**

[See Explanatory Note (i)]
3. To approve the payment of Directors’ fees of S\$90,000 for the financial year ended 31 December 2022 (FY2021: S\$90,000) **(Resolution 4)**
4. To re-appoint Messrs PKF-CAP LLP as the Auditors of the Company, to hold office until the conclusion of the next AGM and to authorise the Directors to fix their remuneration. **(Resolution 5)**
5. To transact any other ordinary business which may properly be 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 1967 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 1967 of Singapore (“**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,

(“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) shall 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 provided the share options or share awards (as the case may be), 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.

Adjustments in accordance with Catalist Rule 806(3)(a) or Catalist Rule 806(3)(b) are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of the resolution approving the mandate.

- (iv) in exercising the authority conferred by this Resolution, the Company 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 6)

By Order of the Board

Shirley Tan Sey Liy
Company Secretary
Singapore, 13 June 2023

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

- (i) Mr Tang An will, upon re-election as Director of the Company, remain as the Chairman of the Audit Committee, 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.

Mr Wang Ziquan will, upon re-election as Director of the Company, remain as the member of the Audit Committee, Nominating Committee and Remuneration Committee and will be considered independent for the purpose of Rule 704(7) of the Catalist Rules.

Please refer to pages 40 to 44 of the Annual Report for the detailed information for Mr Tang An and Mr Wang Ziquan pursuant to Rule 720(5) of the Catalist Rules.

- (ii) Ordinary Resolution 6, 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 relating to measures to minimise the risk of COVID-19:

General

- Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the AGM will be held by way of **electronic means and the members will NOT be allowed to attend the AGM in person**. However, an alternative arrangement has been provided to allow the members to participate and vote in the AGM via electronic means. Printed copies of this Notice will not be sent to members. Instead, this Notice will be sent to members by electronic means via publication on the Company's website at <http://sunriseshares.com/> and the following URL: <https://conveneagm.com/sg/sunrise2023>. This Notice will also be made available on the SGX website at the URL: <https://www.sgx.com/securities/company-announcements>. Shareholders and investors are advised to check SGXNet regularly for the Company's updates, if any.
- Alternative arrangements are instead put in place to allow shareholders to participate in the AGM by:
 - watching or listening to the AGM proceedings via a Live Webcast (as defined below). Shareholders who wish to participate as such will have to pre-register in the manner outlined in Notes 3 to 6 below;
 - submitting questions ahead of the AGM or "live" at the AGM. Please refer to Notes 7 to 12 below for further details; and
 - voting (i) "live" by the Shareholders themselves or their duly appointed proxy(ies) (other than the Chairman of the AGM) via electronic means; or (ii) by appointing the Chairman of the AGM as proxy to vote on their behalf at the AGM. Please refer to Notes 13 to 19 below for further details.

Participation in the AGM via live webcast or live audio feed

- A shareholder of the Company or their corporate representatives (in the case of a member which is a legal entity) will be able to watch or listen to the proceedings of the AGM through a "live" webcast via mobile phone, tablet or computer ("**Live Webcast**"). In order to do so, the member must pre-register by 10.00 a.m. on 26 June 2023 ("**Registration Deadline**"), at the following URL: <https://conveneagm.com/sg/sunrise2023> ("**Sunrise AGM Website**"), to create an account.
- Following authentication of his/her/its status as a shareholder of the Company, such shareholder will receive an email on their authentication status and will be able to access the Live Webcast using the account created.

NOTICE OF ANNUAL GENERAL MEETING

5. Shareholders who have registered by the Registration Deadline in accordance with paragraph 3 above but do not receive an email response by 10:00 a.m. on 27 June 2023 may contact the Company for assistance at the following email address: sunriseshares@126.com, with the following details included: (1) the full name of the member; and (2) his/her/its identification/company registration number.
6. Non-CPF/SRS holders whose shares are registered under Depository Agents (“DAs”) must **also** contact their respective DAs to indicate their interest in order for their respective DAs to make the necessary arrangements for them to participate in the Live Webcast of the AGM proceedings.

Submission of questions in advance of or “live” at the AGM

7. Shareholders and Investors may submit substantial and relevant textual questions related to the resolutions to be tabled for approval for the AGM in advance of, or “live” at, the AGM.

How to submit questions in advance of AGM

8. Shareholder and investors may submit textual questions in advance of the AGM in the following manner:
 - (a) via the Sunrise AGM Website; or
 - (b) in physical copy by depositing the same at the registered office of the Company at 30 Cecil Street #19-08 Prudential Tower, Singapore 049712; or

All questions submitted in advance of the AGM must be received by the Company **no later than 21 June 2023 at 10.00 a.m.** to be treated as valid.

9. Shareholders and investors submitting questions are required to state:
 - (a) their full name as it appears on his/her/its CDP/CPF/SRS records;
 - (b) their identification/registration number; and
 - (c) the manner in which his/her/its shares in the Company are held (e.g via CDP/CPF/SRS),failing which the Company shall be entitled to regard the submission as invalid and not respond to the question(s) submitted.
10. The Company will endeavour to address all substantial and relevant questions relating to the resolutions to be tabled for approval at the AGM as received from Shareholders and Investors before the AGM on SGXNET and the Company’s website at <http://sunriseshares.com> or during the AGM.
11. The Company will publish the minutes of the AGM on SGXNet and the Company’s website within one month after the date of the AGM and the minutes will include the responses to the questions referred to above.

How to submit questions “live” at the AGM

12. Shareholders and Investors may submit textual questions “live” at the AGM in the following manner:
 - (a) Shareholders or where applicable, their appointed proxy(ies) and Investors who have pre-registered and are verified to attend the AGM can ask questions relating to the ordinary resolutions tabled for approval at the AGM “live” at the AGM, by typing in and submitting their questions through the “live” ask-a-question function via the audio-visual webcast platform during the AGM within a certain prescribed time limit.
 - (b) Shareholders who wish to appoint a proxy(ies) (other than the Chairman of the AGM) to ask questions “live” at the AGM on their behalf must, in addition to completing and submitting an instrument appointing a proxy(ies), ensure that their proxy(ies) pre-register separately via the registration link that will be sent to the appointed proxy(ies) via email by the AGM service provider, Convene SG, upon verification of the Proxy Form(s).
 - (c) Shareholders (including CPF and SRS Investors) or, where applicable, their appointed proxy(ies) must access the AGM proceedings via the “live” audio-visual webcast in order to ask questions “live” at the AGM, and will not be able to do so via the audio-only stream of the AGM proceedings.
 - (d) The Company will, during the AGM itself, address as many substantial and relevant questions (which are related to the resolutions to be tabled for approval at the AGM) which have not already been addressed prior to the AGM, as well as those received “live” at the AGM itself, as reasonably practicable. Where there are substantially similar questions, the Company will consolidate such questions; consequently, not all questions may be individually addressed.

NOTICE OF ANNUAL GENERAL MEETING

Submission of instrument appointing a proxy(ies) to vote, or vote “live”, at the AGM

13. Shareholders who wish to exercise their voting rights at the AGM may:
- (a) (where such shareholders are individuals) vote “live” via electronic means at the AGM or (where such shareholders are individuals or corporates) appoint a proxy(ies) (other than the Chairman of the AGM)# to vote “live” via electronic means at the AGM on their behalf; or
 - # For the avoidance of doubt, CPF and SRS investors will not be able to appoint third party proxy(ies) (i.e., persons other than the Chairman of the AGM) to vote “live” at the AGM on their behalf.
 - (b) (where such shareholders are individuals or corporates) appoint the Chairman of the AGM as their proxy to vote on their behalf at the AGM.
 - Shareholders (including CPF and SRS investors) and, where applicable, appointed proxy(ies), who wish to vote “live” at the AGM must first pre-register at the Sunrise AGM Website via the URL: <https://conveneagm.com/sg/sunrise2023>.
 - Shareholders (whether individual or corporate) appointing the Chairman of the AGM as proxy must give specific instructions as to his manner of voting, or abstentions from voting, in the proxy form, failing which the appointment for that resolutions will be treated as invalid.
14. A member who is not a Relevant Intermediary*, entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend, speak and vote in his/her stead at the AGM of the Company. Where a member appoints more than one proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy in the form of proxy. A proxy need not be a member of the Company. The accompanying proxy form for the AGM may be accessed via the Sunrise AGM Website, the Company’s website at the URL: <http://sunriseshares.com/>, and will also be made available on the SGX website at the URL: <https://www.sgx.com/securities/company-announcements>.
15. A member who is a relevant intermediary may appoint one or more proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member.
16. The instrument appointing a proxy or proxies must be submitted to the Company in the following manner:
- (a) if submitted by post, be lodged with the registered office of the Company at 30 Cecil Street #19-08 Prudential Tower Singapore 049712; or
 - (b) if submitted electronically, be submitted via email to the Company’s Share Registrar at shareregistry@incorp.asia.
 - (c) via the following URL: <https://conveneagm.com/sg/sunrise2023> in the electronic format accessible on the Sunrise AGM Website;

In either case, **by no later than 26 June 2023, 10.00 a.m., being at least forty-eight (48) hours before the time appointed for holding the Meeting.**

In the case of submission of the Proxy Form other than via the Sunrise AGM Website, a member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

Members are strongly encouraged to submit completed proxy forms electronically via email.

17. In the case of submission of the Proxy Form other than via the Sunrise AGM Website, the instrument appointing the proxy or proxies must be under the hand of the appointor or on his/her attorney duly authorised in writing. Where the instrument appointing the proxy or proxies is executed by a corporation, it must be executed either under its common seal or signed on its behalf by its attorney duly authorised in writing or by an authorised officer of the corporation, failing which the instrument of proxy may be treated as invalid.
18. An investor who holds shares under the Central Provident Fund Investment Scheme (“**CPF Investor**”) and/or the Supplementary Retirement Scheme (“**SRS Investor**”) and wishes to vote, should approach their respective CPF and/or SRS Operators to submit their votes to appoint the Chairman of the Meeting as their proxy, at least 7 working days before the AGM.
19. A Depositor’s name must appear on the Depository Register maintained by The Central Depositor (Pte) Limited as at 72 hours before the time fixed for holding the AGM in order for the Depositor to be entitled to vote at the AGM.

NOTICE OF ANNUAL GENERAL MEETING

* A Relevant Intermediary is:

- (a) a banking corporation licensed under the Banking Act 1970 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 2001 and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, 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.

PERSONAL DATA PRIVACY

By pre-registering for the Live Webcast, submitting a Proxy Form appointing the Chairman of the Meeting as proxy to vote at the AGM and/or any adjournment thereof, and/or submitting questions relating to the resolutions to be tabled for approval at the AGM or the Company's businesses and operations, 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 or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) 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 or service providers), 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 or service providers) 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.

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SUNRISE SHARES HOLDINGS 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:

- The Annual General Meeting (“**Meeting**”) is being convened by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Order 2020.
- A member will not be able to attend the AGM in person. Alternative arrangements relating to the attendance of the Meeting through electronic means, as well as conduct of the Meeting and relevant guidance with full details are set out in the Notice of Annual General Meeting dated 13 June 2023, which can be accessed via the SGX website at: <https://www.sgx.com/securities/company-announcements>.
- An investor who holds shares under the Central Provident Fund Investment Scheme (“**CPF Investor**”) and/or the Supplementary Retirement Scheme (“**SRS Investor**”) and wishes to vote, should approach their respective CPF and/or SRS Operators to submit their votes to appoint the Chairman of the Meeting as their proxy, at least 7 working days before the Meeting.
- This Proxy Form is not valid for use by 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. (“Company”)**, hereby appoint:

Name	NRIC/Passport No.	Email Address [^]	Proportion of Shareholdings	
			No of Shares	%
Address				

*and/or (delete as appropriate)

Name	NRIC/Passport No.	Email Address [^]	Proportion of Shareholdings	
			No of Shares	%
Address				

[^] Appointed proxy(ies) will be prompted via email (within 2 business days after the Company’s receipt of a validly completed and submitted proxy form) to pre-register at the pre-registration website which is accessible from the URL: <https://conveneagm.com/sg/sunrise2023> in order to access the “live” audio-visual webcast or “live” audio-only stream of the Annual General Meeting (“**AGM**”) proceedings.

or failing him/her/them, the Chairman of the Meeting, as *my/our proxy/proxies to attend and vote for *me/us on *my/our behalf at the AGM to be held by way of electronic means on Wednesday, 28 June 2023 at 10.00 a.m. and at any adjournment thereof. *I/We direct *my/our proxy/proxies to vote for or against, or to abstain from voting the Resolutions to be proposed at the AGM as indicated hereunder. In appointing the Chairman of the Meeting as proxy, Shareholders (whether individuals or corporates) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.

No.	Resolutions relating to:	No. of votes ‘For’ ^{**}	No. of votes ‘Against’ ^{**}	No. of Votes ‘Abstain’ ^{**}
Ordinary Business				
1	Audited Financial Statements and Directors’ Statement for the financial year ended 31 December 2022			
2	Re-election of Mr Tang An as a Director			
3	Re-election of Mr Wang Ziquan as a Director			
4	Approval of Directors’ fees for the financial year ended 31 December 2022			
5	Re-appointment of Messrs PKF-CAP LLP as Auditors of the Company and to authorise the Directors of the Company to fix their remuneration			
Special Business				
6	Authority to allot and issue shares			

^{**} If you wish to exercise all your votes ‘For’, ‘Against’ or ‘Abstain from Voting’, please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate. If you mark the abstain box for a particular resolution, you are directing your proxy not to vote on that resolution on a poll and your votes will not be counted in computing the required majority on a poll.

Dated this _____ day of _____ 2023

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

Signature of Shareholder(s)
And/or 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 2001 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 of proxies shall be deemed to relate to all the Shares held by you.
 2. **Members will not be able to attend the AGM in person. If a member (individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it may:**
 - (a) (where the member is an individual) vote "live" via electronic means at the AGM or (where the member is an individual or a corporate) appoint a proxy(ies) (other than the Chairman of the AGM)# to vote "live" via electronic means at the AGM on his/her/its behalf; or
 - # For the avoidance of doubt, CPF and SRS investors will not be able to appoint third party proxy(ies) (i.e., persons other than the Chairman of the AGM) to vote "live" at the AGM on their behalf.
 - (b) (where the member is an individual or corporate) appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM.
- In appointing the Chairman of the AGM as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment for that resolution will be treated as invalid.
3. A member of the Company who is not a Relevant Intermediary entitled to attend and vote at a meeting of the Company 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.
 4. Where a member who is not 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.
 5. A member who is 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).
 6. Subject to Note 9, completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the AGM. 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 refuse to admit any person or persons appointed under the instrument of proxy to the AGM.
 7. The instrument appointing a proxy or proxies must be submitted to the Company in the following manner:
 - (a) if submitted by post, be lodged with the registered office of the Company, at 30 Cecil Street #19-08 Prudential Tower Singapore 049712; or
 - (b) if submitted electronically, be submitted via email to the Company's Share Registrar at shareregistry@incorp.asia.
 - (c) via the following URL: <https://conveneagm.com/sg/sunrise2023> in the electronic format accessible on the Sunrise AGM Website;

In either case, **by no later than 26 June 2023, 10.00 a.m., being at least forty-eight (48) hours before the time appointed for holding the AGM.**

In the case of submission of the Proxy Form other than via the Sunrise AGM Website, a member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

Members are strongly encouraged to submit completed proxy forms electronically via email.

8. In the case of submission of the Proxy Form other than via the Sunrise AGM Website, the instrument appointing the proxy or proxies must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing the proxy or proxies is executed by a corporation, it must be executed either under its seal or signed on its behalf by an attorney duly authorised in writing or by an authorised officer of the corporation. Where the instrument appointing the proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument, failing which the instrument may be treated as invalid.
9. An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investor**") and wishes to appoint the Chairman of the AGM as their proxy to vote on their behalf at the AGM, in which case they should approach their respective CPF and/or SRS Operators to submit their votes at least 7 working days before the Meeting.

* A Relevant Intermediary is:

- (a) a banking corporation licensed under the Banking Act 1970 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 2001 and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, 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 the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the Meeting as proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing the Chairman of the Meeting as proxy lodged 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 AGM, 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 13 June 2023.

SINGAPORE

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