SUNRISE SHARES HOLDINGS LTD.
ANNUAL REPORT 2017

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CORPORATE INFORMATION

Board of Directors:
Zheng Aimin (Independent Non-Executive Chairman)
Zhang Zhi Liang (Executive Director and Chief Executive Officer)
Ng Clarence Kar Lung (Executive Director)
Chew Vincent (Non-Executive Director)
Tang An (Independent Director)

Audit Committee:
Tang An (Chairman)
Zheng Aimin
Chew Vincent

Nominating Committee:
Zheng Aimin (Chairman)
Ng Clarence Kar Lung
Tang An

Remuneration Committee:
Zheng Aimin (Chairman)
Chew Vincent
Tang An

Company Secretary:
Shirley Tan Sey Liy (ACIS)

Principal Activities of the Group:
Electrical Trading:
Trading and distributors of electrical products.

Electrical Manufacturing:
Manufacturing and assembling of electrical distribution and control equipment.

Property Consultancy and Management:
Property consultancy and management services

Auditors:
KPMG LLP
Public Accountants and Chartered Accountants, Singapore
16 Raffles Quay, #22-00
Hong Leong Building
Singapore 048581

Partner in charge:
Mr Loo Kwok Chiang Adrian
(With effect from financial year beginning 1 January 2015)

Bankers:
United Overseas Bank Limited
RHB Bank Berhad
CIMB Bank Berhad
DBS Bank Ltd
Shanghai Pudong Development Bank
Bank of China (Hong Kong)

Registered Office:
Six Battery Road, #10-01
Singapore 049909

Mailing Address:
19E-G, Kings Wing Plaza 1
3 On Kwan Street, Shek Mun, Shatin
N.T., Hong Kong
Tel: (852) 3792-0318
Fax: (852) 3620-3326
Email: SunriseShares@126.com

Share Registrar:
RHT Corporate Advisory Pte. Ltd.
9 Raffles Place, #29-01
Republic Plaza Tower 1
Singapore 048619

Listing Information:
Share Listing:
Singapore Exchange Ltd.
Stock Code: 581

Sponsor:
RHT Capital Pte. Ltd.
9 Raffles Place, #29-01
Republic Plaza Tower 1
Singapore 048619

LETTER TO SHAREHOLDERS

On behalf of the Board of Directors at Sunrise Shares Holdings Ltd. (the "Company") and 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 2017 ("FY2017").

PERFORMANCE REVIEW

The Group's operating environment in the construction sector remained sluggish due to weaknesses in private sector construction activities and a decline in public sector construction projects in particular, the China Market. Singapore's property market continued to languish on the back of contracting private residential and industrial projects.

In FY2017, the Group reported a 17.4% or S$2.1 million increase in turnover from S$12.1 million in FY2016 to S$14.2 million mainly due to the increase in property management and consultancy fee revenue. There is a slight increase in sales for our electrical trading ("Electrical Trading") segment in Singapore.

Other expenses rose by 23.5% or S$0.4 million to S$2.1 million during the year as compared to S$1.7 million in the previous year due to the allowances made for inventory obsolescence and bad debts that amounted to S$206,000 and S$146,000 respectively.

As a result of the above, the Group's profit before tax in FY2017 stood at S$290,000 as compared to a loss before tax of S$297,000 in FY2016. After taking into account income tax expense of S$329,000, the Group incurred a net loss of S$39,000 for the year in review against net loss of S$374,000 in FY2016.

DIVIDENDS

In view of the loss position, the Board is not recommending a dividend for FY2017.

DIVERSIFICATION OF BUSINESS

With effect from 26 January 2017, the Group (formerly known as "ITE Electric Co. Ltd.") has been renamed "Sunrise Shares Holdings Ltd.". The change of name was part of our strategy to reflect the new business focus of the Group as we realign our objectives with diversification in our operation. We are taking steps to divest our current core business to focus on other business activities, such as consultancy and management services. The Group believes that this will be a positive development for our business as we move forward with our full commitment to realise our vision and achieve the new milestones.

OUTLOOK

The Singapore economy's growth is expected to moderate in 2018 as a result of a stagnant construction sector. With Singapore's property market showing incipient signs of recovery, the construction sector is still, although government measures and rising house prices will likely lend some degree of support.

In view of the current economic conditions, coupled with the uncertainties that ensued in the global economy, the Group expects the overall business environment to remain challenging in FY2018. Nevertheless, we will strive to expand our business through enlarging our customer base and increasing our product offerings, while effecting prudent cost measures to enhance the Group's performance.

APPRECIATION

On behalf of the Board, I would like to thank our management and staff for their contribution and dedication in helping the Group to 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.
Zhang Zhi Liang
31 March 2018

FINANCIAL REVIEW

REVENUE AND PROFIT

The Group posted revenue of S$14.2 million in the current financial year ("FY2017"), which was S$2.1 million or 17.4% higher than S$12.1 million reported in the previous financial year ("FY2016"). The increase was largely due to contribution from the property consultancy and management fee revenue and a slight increase in sales recorded by our Electrical Trading segment in Singapore. Meanwhile, the Group's gross profit margin increased from 26.4% in FY2016 to 30.2% in FY2017.

Other income decreased by S$244,000 from S$422,000 in FY2016 to S$178,000 in FY2017, mainly due to a decrease in rental income.

Staff costs maintained at S$2.1 million in FY2017, which was a slight decrease of S$0.1 million from S$2.2 million in FY2016.

Other expenses increased from S$1.7 million in FY2016 to S$2.1 million in FY2017, resulting in an increase of 23.5% or S$0.4 million. This was largely due to the allowances made for inventory obsolescence amounting to S$206,000 and the provision for bad debts standing at S$146,000.

As a result of the above, the Group reported profit before tax of S$290,000 in FY2017 against loss before tax of S$297,000 in the previous year. With income tax expense of S$329,000, the Group reported net loss of S$39,000 in FY2017 as compared to net loss of S$374,000 in FY2016. Consequently, loss per share for FY2017 was 0.02 Singapore cents, while loss per share for FY2016 was 0.27 Singapore cents.

The Group's new business of property and consultancy management recorded a profit before tax of S$1.1 million and sales agent fee of S$683,000 in FY2017. While our Group's core business of electrical trading in Singapore and Malaysia registered a segmental loss before tax of S$23,000 in FY2017 as compared to loss before tax of S$79,000 in the previous year, and the manufacturing segment reported a loss before tax of S$7,000 for FY2017 as compared to a profit before tax of S$16,000 for FY2016.

ASSETS

The Group's total assets surged S$3.2 million from S$8.5 million as at 31 December 2016 to S$11.7 million as at 31 December 2017. The increase was mainly due to a gain from trade and other receivables, as well as proceeds from the placement of shares.

BORROWINGS

The Group's total borrowings were maintained as S$0.3 million as at 31 December 2017. In the prior year, the Group received an unsecured, interest-free loan from a related party amounting to of S$0.3 million after having paid up all other loans and borrowings. The Group's gearing ratio as at 31 December 2017 was 0.04 times (31 December 2016: 0.05 times).

SHAREHOLDERS' FUNDS

As at 31 December 2017, shareholders' funds were S$8.5 million as compared to S$6.6 million as at 31 December 2016. The increase was mainly due to the issuance of placement shares in the year. The net asset value per share as at 31 December 2017 was 4.76 cents (31 December 2016: 4.78 cents).

OPERATION REVIEW

The Group operates mainly in three markets - Singapore, Malaysia and Shenzhen, China. Shenzhen was a newly added geographical market as we ventured into property management business during the year in line with our diversification strategy. We are continuously expanding our existing customer base as we explore new market opportunities.

ELECTRICAL TRADING

The Electrical Trading division is responsible for sales of electrical products and systems, LED light fittings and luminaries, as well as other related products manufactured by the Company's wholly-owned subsidiaries, ITE Electric Systems Co. Pte. Ltd. ("ITEES") and ITE Lumens Pte. Ltd. ("ITEL") in Singapore, and Electech Distribution Systems Sdn. Bhd. ("EDSM") in Malaysia.

In FY2017, the Electrical Trading division reported a total turnover of S$12.2 million, which was an increase of S$0.2 million or 1.7% as compared to S$12.0 million in FY2016. This was mainly due to higher sales reported by ITEES as a result of increased sales orders. As a result, the division reported a segmental loss before tax of S$23,000 for FY2017 as compared to a segmental loss before tax of S$79,000 in the previous year.

ELECTRICAL MANUFACTURING

The Electrical Manufacturing activities of the Group is carried out by the Group's wholly-owned subsidiary, Electech Manufacturing Sdn. Bhd. ("EMSB"), which is primarily involved in the manufacturing and assembling of electrical products under licence for certain principals and products under the proprietary brand name of the Group. Most of the products manufactured by the Division are marketed by ITEES and EDSM. About 95% of the division revenue was contributed by sales made to ITEES and EDSM, while sales to external customers only accounted for 5%.

In FY2017, the division registered a decrease of S$176,000 or 20.3% in turnover to S$692,000 as compared to S$868,000 in FY2016. This decrease was mainly due to lower sales made to ITEES and EDSM. Consequently, the division reported a segmental loss before tax of S$7,000 for FY2017 as compared to a segmental profit before tax of S$16,000 in FY2016.

PROPERTY CONSULTANCY AND MANAGEMENT

The Property Consultancy and Management activities of the Group are carried out by the Group's wholly-owned subsidiary, Shenzhen Tonglin Consultancy Management Pte. Ltd. ("STCM"), which is engaged in the provision of property consultancy and management services to property management companies in China. In 2017, STCM was awarded consultancy and management contracts by two property management companies based in Shenzhen, China. This resulted in the division delivered a turnover of S$1.9 million in FY2017 and a segmental profit before tax of S$1.1 million.

Our sales in Singapore accounted for about 62% of the Group's total revenue, while Malaysia contributed 20% of the revenue. Provision of property consultancy and management services take up 13% and export sales to other Asian countries make up the 5% of total revenue.

FINANCIAL HIGHLIGHTS

For the Year	2017 $'000	2016 $'000	% Change
REVENUE			
1st half	5,846	6,333	(8%)
2nd half	8,335	5,767	45%
Total	14,181	12,100	17%
(LOSS)/PROFIT AFTER TAX			
1st half	(474)	(66)	618%
2nd half	435	(308)	NM
Total	(39)	(374)	(90%)
Equity			
Share capital	24,937	23,018	8%
Reserves	(16,445)	(16,459)	(0.1%)
Shareholders' funds	8,492	6,559	29%
Total Equity	8,492	6,559	29%
Borrowings	330	330	–
Total Assets	11,729	8,544	37%
Financial Ratios			
Loss per share (cents)			
Basic and diluted	(0.02)	(0.27)	(93%)
Net asset value per share (cents)	4.76	4.78	(1%)
Total debts to total equity	0.04	0.05	(20%)

FIVE-YEAR FINANCIAL SUMMARY

Financial Results	2017 $'000	2016 $'000	2015 $'000	2014 $'000	2013 $'000
Revenue	14,181	12,100	15,790	20,540	20,266
(Loss)/Profit before interest and tax	248	(317)	47	(255)	(8,015)
Interest income	42	28	31	31	38
Finance costs	–	(8)	(66)	(123)	(114)
(Loss)/Profit before tax	290	(297)	12	(347)	(8,091)
Taxation	(329)	(77)	(32)	(124)	(89)
Loss for the year	(39)	(374)	(20)	(471)	(8,180)
Financial Position					
Non-current assets	835	252	246	331	1,794
Current assets	10,894	8,292	9,055	12,010	12,673
Total assets	11,729	8,544	9,301	12,341	14,467
Borrowings	(330)	(330)	(203)	(1,941)	(1,938)
Other liabilities and non-controlling interests	(2,906)	(1,655)	(2,106)	(3,048)	(4,636)
Total Net Assets	8,493	6,559	6,992	7,352	7,893
Share capital	24,937	23,018	23,018	23,018	23,018
Reserves	(16,444)	(16,459)	(16,026)	(15,666)	(15,125)
Shareholders' funds	8,493	6,559	6,992	7,352	7,893
Financial Ratios					
Loss per share (cents)	(0.02)	(0.27)	(0.01)	(0.33)	(5.93)
Net asset value per share (cents)	4.76	4.78	5.09	5.35	5.75
Total borrowings to shareholders' funds	0.04	0.05	0.03	0.26	0.25

BOARD OF DIRECTORS

Mr Zheng Aimin
Independent Non-Executive Chairman

Mr Zheng Aimin joined the Board as Independent Director in September 2016 and he was appointed as an Independent Chairman on 8 June 2018. He is the Chairman of the Nominating and Remuneration Committees and a member of the Audit Committee.

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

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

Mr Zhang Zhi Liang
Executive Director and Chief Executive Officer

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

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

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

Mr Ng Clarence Kar Lung
Executive Director

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

Mr Ng is the managing director of Hong Kong Sunrise Asset Management Limited, a boutique fund management company. He was the General Manager of the Hong Kong Sunrise Holdings Limited. He started his career in an international accounting firm in Hong Kong.

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

Mr Chew Vincent
Non-Executive Director

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

Mr Chew was the Vice President of United Overseas Bank, and Relationship Manager of the Hong Kong Shanghai Banking Corporation.

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

Mr Tang An
Independent Director

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

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

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

KEY MANAGEMENT

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

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

CORPORATE GOVERNANCE REPORT

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

This report describes the Company's corporate governance processes and activities for the financial year ended 31 December 2017 ("**FY2017**") and up to the date of this report. The Company has complied with the principles of the Code where appropriate and where there are deviations from the Code, explanations have been provided in the Annual Report.

(A) BOARD MATTERS

Board's Conduct of its Affairs

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

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

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

The principal functions of the Board are:

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

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

CORPORATE GOVERNANCE REPORT

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

The Board meets regularly and ad-hoc meetings are convened as warranted by particular circumstances as deemed appropriate by the Board members. The Company's Constitution allows a Board meeting to be conducted by way of tele-conference and video conference. The number of Board and Board Committee meetings held and attended by each Director for FY2017 are as follows:

	Board		**AC**		**NC**		**RC**	
	No. of meetings		**No. of meetings**		**No. of meetings**		**No. of meetings**	
Directors	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
Mr Zhang Zhi Liang	2	2	2	2*	1	1*	1	1*
Mr Ng Clarence Kar Lung	2	2	2	2*	1	1	1	1*
Mr Chew Vincent	2	2	2	2	1	1*	1	1
Mr Tang An	2	2	2	2	1	1	1	1
Mr Zheng Aimin	2	2	2	2	1	1	1	1

* By invitation

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

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

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

CORPORATE GOVERNANCE REPORT

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

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

The Company will conduct comprehensive orientation programs for new Directors to familiarise them with the Company's structure and organisation, businesses and governance policies. The aim of the orientation program is to give Directors a better understanding of the Company's businesses and allow them to assimilate into their new roles. New Directors are also informed about matters such as the Code of Dealing in the Company's shares. All Directors who have no prior experience as director of a listed company will undergo intensive training and briefing on the roles and responsibilities as directors of a listed company. The cost for attending such trainings will be borne by the Company.

No new Directors were appointed by the Company during FY2017.

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

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

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

Board Composition and Guidance

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

CORPORATE GOVERNANCE REPORT

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

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

Name of Directors	Board	AC	NC	RC
Zhang Zhi Liang	Executive Director and CEO	–	–	–
Ng Clarence Kar Lung	Executive Director	–	Member	–
Chew Vincent	Non-Executive Director	Member	–	Member
Zheng Aimin	Independent Non-Executive Chairman(1)	Member	Chairman	Chairman
Tang An	Independent Director	Chairman	Member	Member

Notes:
(1) Mr Zheng Aimin was appointed as the Independent Non-Executive Chairman with effect from 8 June 2017.

Independent Directors

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

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

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

CORPORATE GOVERNANCE REPORT

The Board has examined its size and is of the view that the current arrangement is adequate and able to meet the Company's existing scope of needs, nature of the operations and facilitate effective decision making given that the Independent Directors form at least one-third of the Board's composition. From time to time, the Board will review the appropriateness of the current Board size. The Independent Directors are respected individuals from different backgrounds whose core competencies, qualifications, skills and experience are extensive and complementary. The Board comprises individuals who have experience in accounting, finance, business, management, industry knowledge and strategic planning experience. The NC is of the view that the current Board comprises persons who as a group provide capabilities required for the Board to be effective. Please refer to page 8 for details of the qualifications and experience of the Directors.

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

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

Chairman and Chief Executive Officer

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

The roles of the Chairman and the Executive Director/CEO are separate to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. The Chairman is not related to the Executive Director/CEO.

As the Independent Non-Executive Chairman, Mr Zheng Aimin is responsible for overseeing the business of the Board and, together with the AC, ensures the integrity and effectiveness of the governance process of the Board. He leads the Board discussions and ensures that Board meetings are convened when necessary. In addition, the Chairman 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 and facilitates the effective contribution of non-executive directors in particular. The Chairman chairs annual general meetings ("**AGM**") and ensures constructive communication between shareholders, the Board and management.

CORPORATE GOVERNANCE REPORT

The CEO, Mr Zhang Zhi Liang would ensure effective and comprehensive Board discussion on matters brought to the Board including:

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

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

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

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

Board Membership

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

Nominating Committee

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

Mr Zheng Aimin	(Chairman, Independent Non-Executive Chairman)
Mr Tang An	(Independent Director)
Mr Ng Clarence Kar Lung	(Executive Director)

CORPORATE GOVERNANCE REPORT

The NC's principal functions are as follows:

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

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

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

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

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

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

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

CORPORATE GOVERNANCE REPORT

There is no alternate Director appointed to the Board.

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

Each member of the NC shall abstain from voting on any resolutions in respect of his or her re-nominating as a Director.

The NC has reviewed and recommended that Mr Zhang Zhi Liang and Mr Chew Vincent, (collectively, "**Retiring Directors**"), be nominated for re-election at the forthcoming AGM. In making the recommendation, the NC had considered the Directors' overall contributions and performance. The Board had accepted the NC's recommendation.

For the financial year under review, the NC is of the view that the Independent Non-Executive Directors of the Company are independent and are able to exercise judgment on the corporate affairs of the Group independent of the Management.

Although some of the Directors have other Board representations, the NC is satisfied that these Directors are able to and have adequately carried out their duties as Directors of the Company and given sufficient time and attention to the Company's affairs.

There is no alternate director being appointed to the Board during FY2017.

The profile of the Directors can be found on page 8 of this Annual Report.

Board Performance

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

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.

CORPORATE GOVERNANCE REPORT

The evaluation of 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 Director deals with matters on attendance at meetings, Directors' duties and know-how and interaction with fellow Directors.

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

- 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 Form will be collated by the Chairman for review and discussion. 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. Following the review, the Board is of the view that the Board and its Board Committees operate effectively and each Director is contributing to the overall effectiveness of the Board. No external facilitator was used in the evaluation process.

The evaluation process focused on evaluation of factors such as the size and composition of the Board, the Board's access to information, the Board's processes and accountability, communication with senior management and the Directors' standard of conduct.

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

Access to Information

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

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

CORPORATE GOVERNANCE REPORT

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

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

(B) REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

Remuneration Committee

The RC comprises the following members:

Mr Zheng Aimin	(Chairman, Independent Non-Executive Chairman)
Mr Tang An	(Independent Director)
Mr Chew Vincent	(Non-Executive Director)

In compliance with the requirements of the Code, the RC comprises entirely Non-Executive Directors, the majority of whom are independent.

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

The responsibilities of the RC are to:

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

CORPORATE GOVERNANCE REPORT

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

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

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

Level and Mix of Remuneration

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

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

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

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

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

CORPORATE GOVERNANCE REPORT

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

Disclosure on Remuneration

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

A breakdown showing the level and mix of each individual director's remuneration for FY2017 is as follows:

Name of Directors	Remuneration(1)	Directors' Fee	Variable Bonus(2)	Provident Fund(3)	Benefits(4)	Total Cash & Benefits(5)
S$250,000 and below						
Zhang Zhi Liang	100%	–	–	–	–	100%
Ng Clarence Kar Lung	100%	–	–	–	–	100%
Chew Vincent	8.21%	90.39%	–	1.40%	–	100%
Zheng Aimin	–	100%	–	–	–	100%
Tang An	–	100%	–	–	–	100%

Notes:

(1) Remuneration refers to base salary and allowance earned for the financial year ended 31 December 2017.

(2) Variable bonus comprises the performance bonus.

(3) Provident fund in Singapore represents payments in respect of Company statutory contributions to the Singapore Central Provident Fund.

(4) Benefits include car benefits and other non-cash benefits.

(5) Total cash & benefits is the sum of fixed remuneration, variable bonus, provident fund and benefits for the financial year ended 31 December 2017.

CORPORATE GOVERNANCE REPORT

Remuneration of Other Key Management and Senior Management

The breakdown of the remuneration paid to two key management and senior management identified for FY2017 is set out in the table below.

Name of Key Management Personnel	Remuneration(1)	Variable Bonus(2)	Provident Fund(3)	Benefits(4)	Total Cash & Benefits(5)
S$250,000 and below					
Chan Hing Yin	100%	–	–	–	100%
Teh Thean Yean	66.9%	22.3%	10.8%	–	100%

Notes:
(1) Remuneration refers to base salary and allowance earned for the financial year ended 31 December 2017.
(2) Variable bonus comprises the performance bonus.
(3) Provident fund represents payments in respect of company statutory contributions to the Singapore or Malaysia Central Provident Fund.
(4) Benefits include car benefits and other non-cash benefits.
(5) Total cash & benefits is the sum of fixed remuneration, variable bonus, provident fund and benefits for the financial year ended 31 December 2017.

The total remuneration paid to the key management personnel (who are not Directors or the CEO) was S$113,971 for FY 2017. Profile of the key management staff is set out on page 9 of this Annual Report.

For FY2017, there were no terminations, retirement or post-employment benefits granted to Directors and relevant key management personnel other than the standard contractual notice period and termination payment in lieu of service.

Remuneration of other employees related to a Director or CEO

No employee of the Group who is an immediate family member of a Director was paid remuneration that exceeded S$50,000 during FY 2017.

The Company does not have an employee share option scheme.

(C) ACCOUNTABILITY AND AUDIT

Accountability

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

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

CORPORATE GOVERNANCE REPORT

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

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

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

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

Risk Management and Internal Controls

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

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

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

CORPORATE GOVERNANCE REPORT

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 FY2017. It provides reasonable, but not absolute, assurance against material financial misstatements or losses, and includes the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulations and best practices, and the identification and containment of financial, operational and compliance risks. However, the Board notes that no system of internal controls could provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

The AC has reviewed the adequacy of the internal audit function and the effectiveness of the system of internal controls for the financial year under review through discussions with the internal and external auditors, the review of internal and external audit plans and the review of significant issues arising from the internal and external audits. Based on the internal controls established and maintained by the Group, work performed by the internal auditors and reviews by the management, the Board and the AC are of the opinion that the Group's internal controls addressing financial, operational, compliance risks, information technology controls and risk management systems were adequate and effective as at 31 December 2017 and met the needs of the Group in its current business environment. The AC is satisfied that the internal audit function is adequately resourced and has the appropriate standing within the Group.

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

Audit Committee

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

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

Mr Tang An	(Chairman, Independent Director)
Mr Zheng Aimin	(Independent Non-Executive Chairman)
Mr Chew Vincent	(Non-Executive Director)

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

CORPORATE GOVERNANCE REPORT

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

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

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

The AC has met with the external auditors and internal auditors, without the presence of the management during FY2017. It may also examine any other aspects of the Company's affairs, as it deems necessary, where such matters relate to exposures or risks of regulatory or legal nature, and monitors the Company's compliance with its legal, regulatory and contractual obligations. The AC has power to conduct or authorise investigations into any matters within the AC's scope of responsibility. The AC has reasonable resources to enable it to discharge its functions properly, including full access to and co-operation by management and full discretion to invite any Director or executive officer to attend its meetings.

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

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

CORPORATE GOVERNANCE REPORT

Annually, the AC would conduct a review of all non-audit services provided by the auditors, if any. For FY2017, no non-audit services were provided by the external auditors to the Company. Fees paid or payable by the Group to the external auditors of the Group for audit services for FY2017 amounted to S$96,637. The Company has complied with Rules 712 and 715 of the Catalist Rules in relation to the engagement of its auditors.

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

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

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

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

Internal Audit

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

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

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

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

CORPORATE GOVERNANCE REPORT

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

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

(D) SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholders Rights

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

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

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

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

Communication with Shareholders

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

CORPORATE GOVERNANCE REPORT

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

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

The Company does not have a dedicated investor relations policy. The shareholders can access the information on the Group and address their concerns through the Group's website http://sunriseshares.com/.

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

The Company does not have a formal dividend policy at present. The form, frequency and amount of dividends declared each year will take into consideration the Group's profit growth, cash position, positive cash flow generated from operations, projected capital requirements for business growth and other factors as the Board may deem appropriate. The Board is not recommending any dividend distribution to its shareholders in FY2017 on the basis that the Group is in a loss position.

Conduct of Shareholder Meeting

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

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

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

CORPORATE GOVERNANCE REPORT

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

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

To enhance shareholder participation, the Company adheres to the requirements of the Catalist Rules and the Code, and would put all resolutions at general meetings to vote by poll. The detailed voting results, were announced immediately after the general meetings and via SGXNet.

(E) DEALING IN SECURITIES

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

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

(F) REPORT ON THE USE OF SHARE PLACEMENT PROCEEDS

As announced via SGXNet, the Company had on 24 March 2017 allotted and issued 41,000,000 new ordinary shares to subscribers at the issue price of S$0.0468 per share representing gross proceeds of approximately S$1.92 million ("**Proceeds**"), which is going to be utilised to develop the "**Sunrise (旭飞)**" brand and diversify into new business segments. The Company intends to use 100% of the net proceeds of the Share Placement for general working capital purposes. As of to-date, the status of the use of Proceeds is as follows:

	Balance (million)
Net proceeds from the Placement	1.92
Less:	
Professional service fees	0.26
General working capital	0.48
Net proceeds balance	1.18

The Company will make periodic announcement(s) as to the use of the Proceeds as and when such proceeds are materially disbursed.

CORPORATE GOVERNANCE REPORT

(G) INTERESTED PERSON TRANSACTIONS

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

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

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

(H) MATERIAL CONTRACTS

There were no material contracts of the Company or its subsidiaries involving the interest of any Director or Controlling Shareholder subsisting at the end of the financial year.

Risk Management and Processes

The Company regularly reviews and improves its business and operational activities to identify areas of significant business risks as well as respond appropriately to control and mitigate these risks. The Company reviews all significant control policies and procedures and highlights all significant matters to the AC and Board. The significant risk management policies are disclosed in the audited financial statements of this Annual Report.

(I) NON-SPONSOR FEES

There was no non-sponsor fee paid to the Company's sponsor, RHT Capital Pte. Ltd. in FY2017.

Statement of Compliance

The Board confirms that for the financial year ended 31 December 2017, the Company has generally adhered to the principles and guidelines as set out in the Code.

DIRECTORS' STATEMENT

We submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2017.

In our opinion:

(a) the financial statements set out on pages 40 to 91 are drawn up so as to give a true and fair view of the consolidated financial position of the Group and the financial position of Company as at 31 December 2017 and the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

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

Directors

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

Zhang Zhi Liang
Ng Clarence Kar Lung
Zheng Aimin
Tang An
Chew Vincent

Directors' interests

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

There was no change in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2018.

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

DIRECTORS' STATEMENT

Audit committee

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

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

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

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

- The effectiveness of the management of financial business risks and the reliability of management reporting;

- Compliance with laws and regulations, particularly those of the Companies Act, Chapter 50 and the Catalist Rules;

- The appropriateness of interim and full year financial statement announcements and reports;

- The significant matters impacting the financial statements and the accounting principles and judgement of items as adopted by management for these significant matters;

- The effectiveness and efficiency of external and internal audits; and

- Interested person transactions (as defined in Chapter 9 of the Catalist Rules).

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

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

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

DIRECTORS' STATEMENT

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

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

Share options

During the financial year, there were:

(i) no options granted by the Company to any person to take up unissued shares in the Company; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under options.

Auditors

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

On behalf of the Board of Directors

Zhang Zhi Liang
Director

Ng Clarence Kar Lung
Director

5 April 2018

INDEPENDENT AUDITORS' REPORT

Members of the Company
Sunrise Shares Holdings Ltd.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Sunrise Shares Holdings Ltd. (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2017, the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 40 to 91.

In our opinion, the accompanying consolidated financial statement of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

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

Key audit matters

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

INDEPENDENT AUDITORS' REPORT

Valuation of inventories

Refer to Note 8 to the financial statements

The key audit matter

As at 31 December 2017, the Group has electrical products inventories that are traded with customers in the construction sector in Singapore and Malaysia. These inventories are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less cost of completion and selling expenses.

A slowdown in the construction sector may result in lower demand for the Group's electrical products. In addition, the Group's electrical trading business is highly competitive with other suppliers selling products that are similar to the Group's electrical products. There is a risk that the net realisable value of the Group's inventories may fall below their carrying amounts as a result of declining selling prices or an increase in obsolete inventories.

The Group assessed the recoverability of their inventories and provided for estimated losses that may result from the inability of the Group to sell these inventories, at a level considered adequate to provide for potentially obsolete inventories.

How the matter was addressed in our audit

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

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

Findings

We found that the Group's assessment of net realisable value of inventories and their estimated write-down of inventory values to be reasonable. The Group's disclosures related to the write-down and/or reversal of write-down of inventories in the financial year were found to be appropriate.

INDEPENDENT AUDITORS' REPORT

Valuation of trade receivables

Refer to Note 9 to the financial statements

The key audit matter

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

The Group assessed the recoverability of their trade receivables and provided for estimated losses that may result from the inability of the Group's customers to make the required payments, at a level considered adequate to provide for potential uncollectible receivables.

How the matter was addressed in our audit

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

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

Findings

We found that the Group's assessment of trade receivables recoverability and their estimates of provision for doubtful debts to be reasonable. The Group's disclosures related to credit risk profile of trade receivables and the provision of doubtful debts recognised were found to be appropriate.

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

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

INDEPENDENT AUDITORS' REPORT

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

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

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

INDEPENDENT AUDITORS' REPORT

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

INDEPENDENT AUDITORS' REPORT

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Loo Kwok Chiang Adrian.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
5 April 2018

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

		Group		Company	
	Note	**2017**	**2016**	**2017**	**2016**
		$	**$**	**$**	**$**
Assets					
Property, plant and equipment	4	252,503	157,358	–	–
Goodwill	5	–	–	–	–
Subsidiaries	6	–	–	7,398,304	7,071,736
Deferred tax assets	7	124,443	94,956	–	–
Other receivables	9	457,600	–	–	–
Non-current assets		834,546	252,314	7,398,304	7,071,736
Inventories	8	2,286,792	2,100,302	–	–
Trade and other receivables	9	4,931,871	3,314,702	878,955	68,936
Cash and cash equivalents	10	3,675,516	2,876,986	117,252	123,924
Current assets		10,894,179	8,291,990	996,207	192,860
Total assets		11,728,725	8,544,304	8,394,511	7,264,596
Equity					
Share capital	11	24,936,695	23,017,895	24,936,695	23,017,895
Reserves	12	(16,444,678)	(16,459,268)	(17,017,385)	(16,207,348)
Total equity		8,492,017	6,558,627	7,919,310	6,810,547
Liabilities					
Loan from a related party	13	330,000	330,000	330,000	330,000
Trade and other payables	14	2,551,287	1,642,700	145,201	124,049
Current tax liabilities		355,421	12,977	–	–
Current liabilities		3,236,708	1,985,677	475,201	454,049
Total liabilities		3,236,708	1,985,677	475,201	454,049
Total equity and liabilities		11,728,725	8,544,304	8,394,511	7,264,596

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
YEAR ENDED 31 DECEMBER 2017

	Note	Group 2017 $	Group 2016 $
Revenue	15	14,180,928	12,099,618
Changes in inventories of finished goods and work-in-progress		(8,764,016)	(8,296,780)
Raw materials and consumables used		(453,568)	(605,483)
Sales agent fee		(682,532)	–
Other income	16	178,489	422,303
Staff costs	16	(2,073,221)	(2,213,732)
Depreciation of property, plant and equipment	4	(50,801)	(35,049)
Other expenses	16	(2,118,607)	(1,707,030)
Finance income	17	73,527	47,151
Finance cost	17	–	(8,309)
Profit/(Loss) before tax	16	290,199	(297,311)
Tax expense	18	(329,285)	(76,950)
Loss for the year		(39,086)	(374,261)
Loss attributable to:			
Owners of the Company		(39,086)	(374,261)
Loss per share			
Basic loss per share (cents)	19	(0.02)	(0.27)
Diluted loss per share (cents)	19	(0.02)	(0.27)

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2017

	Group	
	2017	**2016**
	$	**$**
Loss for the year	(39,086)	(374,261)
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss:		
Foreign currency translation differences – foreign operations	53,676	(59,475)
Other comprehensive income for the year, net of tax	53,676	(59,475)
Total comprehensive income for the year	14,590	(433,736)
Total comprehensive income attributable to:		
Owners of the Company	14,590	(433,736)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2017

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

	Note	Share capital $	Foreign currency translation reserve $	Statutory reserve $	Other reserve $	Accumulated losses $	Total equity $
At 1 January 2017		23,017,895	(1,171,974)	–	77,297	(15,364,591)	6,558,627
Total comprehensive income for the year							
Loss for the year		–	–	–	–	(39,086)	(39,086)
Other comprehensive income							
Foreign currency translation differences		–	53,676	–	–	–	53,676
Total other comprehensive income, net of tax		–	53,676	–	–	–	53,676
Total comprehensive income for the year		–	53,676	–	–	(39,086)	14,590
Transaction with owners, recognised directly in equity							
Contribution by and distributions to owners							
Issuance of new ordinary shares	11	1,918,800	–	–	–	–	1,918,800
Total contributions by and distribution to owners		1,918,800	–	–	–	–	1,918,800
Transfer to statutory reserve		–	–	87,158	–	(87,158)	–
At 31 December 2017		24,936,695	(1,118,298)	87,158	77,297	(15,490,835)	8,492,017

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

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2017

	Note	Group 2017 $	Group 2016 $
Cash flows from operating activities			
Loss for the year		(39,086)	(374,261)
Adjustments for:			
Allowance for/(Reversal of) doubtful receivables	16	145,963	(2,404)
Write-off of other receivables	16	–	19,407
Allowance for inventory obsolescence	16	206,093	28,493
Gain on disposal of property, plant and equipment	16	(4,659)	–
Depreciation of property, plant and equipment	4	50,801	35,049
Finance income	17	(73,527)	(28,077)
Interest expense	17	–	8,309
Tax expense	18	329,285	76,950
		614,870	(236,534)
Changes in working capital:			
Trade and other receivables		(1,608,016)	1,095,897
Inventories		(373,754)	205,070
Trade and other payables		794,388	(424,284)
Cash (used in)/generated from operations		(572,512)	640,149
Tax paid		(16,328)	(80,880)
Net cash (used in)/from operating activities		(588,840)	559,269
Cash flows from investing activities			
Interest received		42,203	28,077
Loan due from a third party		(457,600)	–
Acquisition of property, plant and equipment		(143,892)	(45,197)
Proceeds from sale of property, plant and equipment		4,659	–
Net cash used in investing activities		(554,630)	(17,120)
Cash flows from financing activities			
Deposits pledged		–	558,637
Interest paid		–	(8,309)
Issuance of new ordinary shares	11	1,918,800	–
Repayment of loans and borrowings		–	(202,571)
Loan from a related party		–	330,000
Net cash from financing activities		1,918,800	677,757
Net increase in cash and cash equivalents		775,330	1,219,906
Cash and cash equivalents at beginning of the year		2,876,986	1,673,928
Effect of exchange rate changes on cash balances held in foreign currencies		23,200	(16,848)
Cash and cash equivalents at end of the year	10	3,675,516	2,876,986

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

NOTES TO THE FINANCIAL STATEMENTS

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 5 April 2018.

1 Domicile and activities

Sunrise Shares Holdings Ltd. (the Company) is incorporated in the Republic of Singapore, and has its registered office at 6 Battery Road, #10-01, Singapore 049909.

The principal activities of the Group and the Company are those of investment holding, trading and distributors of electrical products, and property consultancy and management. The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

The consolidated financial statements of the Group as at and for the year ended 31 December 2017 comprise the financial statements of the Company and its subsidiaries.

2 Basis of preparation

2.1 Statement of compliance

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

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except when stated otherwise.

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgements

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

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

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in Note 25 – *Accounting estimates and judgements*.

NOTES TO THE FINANCIAL STATEMENTS

2 Basis of preparation (cont'd)

2.5 Changes in accounting policies

Revised standards

The Group has applied the following amendments for the first time for the annual period beginning on 1 January 2017:

- *Disclosure Initiative (Amendments to FRS 7)*;
- *Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to FRS 12)*; and
- *Clarification of the scope of FRS 112 (Improvements to FRSs 2016)*

Other than the amendments to FRS 7, the adoption of these amendments did not have any impact on the current or prior period and is not likely to affect future periods.

Disclosure Initiative (Amendment to FRS 7)

From 1 January 2017, as a result of the amendments to FRS 7, the Group has provided additional disclosure in relation to the changes in liabilities arising from financing activities for the year ended 31 December 2017. Comparative information has not been presented (see Note 21).

3 Significant accounting policies

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

3.1 Basis of consolidation

Business combinations

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

The Group measures goodwill at the acquisition date as:

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

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

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

Business combinations (cont'd)

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

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

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

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

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

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

Subsidiaries

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

The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

Loss of control

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

Transactions eliminated on consolidation

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

Accounting for subsidiaries by the Company

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

3.2 Foreign currency

Foreign currency transactions

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

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.2 Foreign currency (cont'd)

Foreign operations

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

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

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

3.3 Financial instruments

Non-derivative financial assets

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

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

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

Non-derivative financial assets (cont'd)

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

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

Loans and receivables

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

Loans and receivables comprise cash and cash equivalents, and trade and other receivables, excluding prepayment.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

Non-derivative financial liabilities

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

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

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

Non-derivative financial liabilities (cont'd)

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

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

Share capital

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

3.4 Goodwill

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

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

3.5 Property, plant and equipment

Recognition and measurement

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

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.5 Property, plant and equipment (cont'd)

Recognition and measurement (cont'd)

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

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

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

Subsequent costs

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

Depreciation

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.5 Property, plant and equipment (cont'd)

Depreciation (cont'd)

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

Leasehold land and building	–	Lower of 53 years and lease term
Machinery and equipment	–	3 to 10 years
Furniture and office equipment	–	3 to 10 years
Renovation	–	1 to 10 years
Motor vehicles	–	5 years

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

3.6 Leased assets

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

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

3.7 Inventories

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

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

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.8 Impairment

Non-derivative financial assets

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

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or there are adverse changes in the payment status of borrowers.

Loans and receivables

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.8 Impairment (cont'd)

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.9 Employee benefits

Defined contribution plans

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

Short-term employee benefits

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

3.10 Provisions

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

3.11 Revenue

Sale of goods

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

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

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.11 Revenue (cont'd)

Property consultancy and management fee

The Group recognises fees for property consultancy and management services as the services are rendered.

3.12 Lease payments

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

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

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

3.13 Finance income and finance costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

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

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

3.14 Tax

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.14 Tax (cont'd)

Deferred tax is not recognised for:

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

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

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

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

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

3.15 Earnings per share

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

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.16 Segment reporting

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

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

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

3.17 Full convergence with International Financial Reporting Standards (IFRS) and adoption of new standards

Applicable to 2018 financial statements

In December 2017, the Accounting Standards Council (ASC) issued the Singapore Financial Reporting Standards (International) (SFRS(I)). SFRS(I) comprises standards and interpretations that are equivalent to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) at 31 December 2017 that are applicable for annual period beginning on 1 January 2018. Singapore-incorporated companies that have issued, or are in the process of issuing, equity or debt instruments for trading in a public market in Singapore, will apply SFRS(I) with effect from annual periods beginning on or after 1 January 2018.

The Group's financial statements for the financial year ending 31 December 2018 will be prepared in accordance with SFRS(I). As a result, this will be the last set of financial statements prepared under the current FRS.

In adopting the new framework, the Group will be required to apply the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.17 Full convergence with International Financial Reporting Standards (IFRS) and adoption of new standards (cont'd)

Applicable to 2018 financial statements (cont'd)

In addition to the adoption of the new framework, the Group will also concurrently apply the following SFRS(I)s, interpretations of SFRS(I)s and requirements of SFRS(I)s which are mandatorily effective from the same date.

- SFRS(I) 15 *Revenue from Contracts with Customers* which includes the clarifications to IFRS 15 *Revenue from Contracts with Customers* issued by the IASB in April 2016;
- SFRS(I) 9 *Financial Instruments* which includes the amendments to IFRS 4 *Insurance Contracts – Applying* IFRS 9 *Financial Instruments* with IFRS 4 *Insurance Contracts* issued by the IASB in September 2016;
- requirements in SFRS(I) 2 *Share-based Payment* arising from the amendments to IFRS 2 – *Classification and Measurement of Share-based Payment Transactions* issued by the IASB in June 2016;
- requirements in SFRS(I) 1-40 *Investment Property* arising from the amendments to IAS 40 – *Transfers of Investment Property* issued by the IASB in December 2016;
- requirements in SFRS(I) 1 arising from the amendments to IFRS 1 – *Deletion of short-term exemptions for first-time adopters* issued by the IASB in December 2016;
- requirements in SFRS(I) 1-28 *Investments in Associates and Joint Ventures* arising from the amendments to IAS 28 – Measuring an associate or joint venture at fair value issued by the IASB in December 2016; and
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*.

Preliminarily, the Group does not expect the application of the above standards and interpretations to have a significant impact on the financial statements, except for SFRS(I) 15 and SFRS(I) 9.

SFRS(I) 1

When the Group adopts SFRS(I) in 2018, the Group will apply SFRS(I) 1 with 1 January 2017 as the date of transition for the Group and the Company. SFRS(I) 1 generally requires that the Group applies SFRS(I) on a retrospective basis, as if such accounting policy had always been applied. If there are changes to accounting policies arising from new or amended standards effective in 2018, restatement of comparatives may be required because SFRS(I) 1 requires both the opening balance sheet, and comparative information to be prepared using the most current accounting policies. SFRS(I) 1 provides mandatory exceptions and optional exemptions from retrospective application, but these are often different from those specific transition provisions in individual FRSs applied to the FRS financial statements. The Group does not expect the application of the mandatory exceptions and the optional exemptions in SFRS(I) 1 to have any significant impact on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.17 Full convergence with International Financial Reporting Standards (IFRS) and adoption of new standards (cont'd)

SFRS(I) 15

SFRS(I) 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. The Group plans to adopt SFRS(I) 15 in its financial statements for the year ending 31 December 2018, using the retrospective approach. As a result, the Group will apply all of the requirements of IFRS 15 retrospectively, except as described below, and the comparative period presented in the 2018 financial statements will be restated.

The Group plans to use the practical expedients for completed contracts. This means that completed contracts that began and ended in the same comparative reporting period, as well as completed contracts at the beginning of the earliest period presented, are not restated.

The expected impact upon the adoption of SFRS(I) 15 are described below. The information below reflects the Group's expectations of the tax implications arising from the changes in accounting treatment. Tax effects may change when the transition adjustments are finalised.

(i) Identification of performance obligations

The Group currently recognises revenue for goods and services in accordance with the terms and conditions of its revenue arrangements. Under SFRS(I) 15, the Group is required to identify distinct performance obligations (PO) in bundled arrangements and account for each PO separately, unless it can be demonstrated that the Group provides a significant integrated service; and the goods or services within the contract are highly dependent on or highly integrated with other goods or services. The Group has evaluated the criteria required for contracts with multiple performance obligations and has put in place process to assess, track and monitor the recognition of revenue for each performance obligation. Based on their preliminary assessment, the Group assessed that there are no current revenue arrangements with multiple performance obligations that might result in a significant impact on the timing and amount of revenue recognition.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.17 Full convergence with International Financial Reporting Standards (IFRS) and adoption of new standards (cont'd)

SFRS(I) 15 (cont'd)

(ii) Variable consideration

The Group's contracts may include variable considerations such as discounts, penalties, including liquidated damages for delays, or other similar terms. Under SFRS(I) 15, the Group is required to estimate the amount of consideration to which it expects to be entitled and variable amounts are included in contract revenue to the extent that it is highly probable that there will be no significant reversal when the uncertainty is resolved.

Based on the Group's preliminary assessment, the Group does not expect the variable consideration elements of their revenue arrangement to be significant.

SFRS(I) 9

SFRS(I) 9 contains new requirements for classification and measurement of financial instruments, a new expected credit loss model for calculating impairment of financial assets, and new general hedge accounting requirements.

Changes in accounting policies resulting from the adoption of SFRS(I) 9 will generally be applied by the Group retrospectively.

- The Group is currently assessing their options in respect of the exemption in SFRS(I) 1 allowing it not to restate comparative information in the 2018 SFRS(I) financial statements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS(I) 9 would then be recognised in retained earnings and reserves as at 1 January 2018.

- The following assessments have to be made on the basis of facts and circumstances that existed at 1 January 2018.

  - The determination of the business model within which a financial assets is held.
  - The determination of whether contractual terms of a financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.
  - The designation of an investment in equity instruments that is not held for trading as at fair value through other comprehensive income (FVOCI).
  - The designation and revocation of previous designations of certain financial assets and financial liabilities measured at fair value through profit or loss (FVTPL).

The Group's expectation of the implications arising from the changes in the accounting treatment are described below. However, the actual tax effect may change when the transition adjustments are finalised by the Group.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.17 Full convergence with International Financial Reporting Standards (IFRS) and adoption of new standards (cont'd)

SFRS(I) 9 replaces the current 'incurred loss' model with a forward-looking expected credit loss (ECL) model. The new impairment model will apply to financial assets measured at amortised cost, except for investments in equity instruments, and certain loan commitments and financial guarantee contracts.

The Group plans to apply the simplified approach and record lifetime ECL on all trade receivables and any contract assets arising from the application of SFRS(I) 15. Preliminarily, the Group assessed that any deviation in impairment losses for trade and other receivables as a result of adopting the new standard is not significant to the profit or loss.

The Group is currently finalising their assessment and tests of the ECL model and the quantum of the final transition adjustments will be finalised upon the completion of their tests.

Applicable to financial statements for the year 2019 and thereafter

The following new SFRS(I), amendments to and interpretations of SFRS(I) are effective for annual periods beginning after 1 January 2018:

Applicable to 2019 financial statements

- SFRS(I) 16 *Leases*
- IFRIC 23 *Uncertainty over Income Tax Treatments*

Applicable to 2021 financial statements

- SFRS(I) 17 Insurance Contracts

The Group is still in the process of assessing the impact of the new SFRS(I)s, amendments to and interpretations of SFRS(I)s on the financial statements. The Group's preliminary assessment of SFRS(I) 16, which is expected to have a more significant impact on the Group, is as described below. The Group also preliminarily assessed that SFRS(I) 17 is not relevant to the Group as the Group does not issue insurance contracts.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.17 Full convergence with International Financial Reporting Standards (IFRS) and adoption of new standards (cont'd)

SFRS(I) 16

SFRS(I) 16 replaces existing lease accounting guidance. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if SFRS(I) 15 is also applied. SFRS(I) 16 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (ROU) assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

The Group plans to adopt the standard when it becomes effective in 2019 and expects to apply the standard using the modified retrospective approach. The Group also expects the ROU assets recognised at date of initial application to be equal to their lease liabilities.

The Group is likely to elect the practical expedient not to reassess whether a contract contains a lease at the date of initial application, 1 January 2019. Accordingly, existing lease contracts that are still effective on 1 January 2019 continue to be accounted for as lease contracts under SFRS(I) 16. The Group has performed a preliminary assessment of the impact on its financial statements based on its existing operating lease arrangements (refer to Note 22).

Until 2018, the approximate financial impact of the standard is unknown due to factors that impact calculation of lease liabilities such as discount rate, expected term of leases including renewal options and exemptions for short-term leases. The Group will continue to assess its portfolio of leases to calculate the impending impact of transition to the new standard.

The Group as lessee

The Group expects its existing operating lease arrangements to be recognised as ROU assets with corresponding lease liabilities under SFRS(I) 16. As at 31 December 2017, the operating lease commitments (of less than a year) on an undiscounted basis amount is not significant to the consolidated total assets and consolidated total liabilities.

NOTES TO THE FINANCIAL STATEMENTS

4 Property, plant and equipment

	Leasehold land and building $	Machinery and equipment $	Furniture and office equipment $	Renovation $	Motor vehicles $	Total $
Group						
Cost						
At 1 January 2016	146,046	1,098,803	993,277	26,351	441,904	2,706,381
Additions	–	225	6,213	18,100	20,659	45,197
Write-off	–	(232,282)	(646,399)	–	(270,747)	(1,149,428)
Effect of movements in exchange rate	(3,059)	(14,973)	(2,531)	(551)	(1,970)	(23,084)
At 31 December 2016	142,987	851,773	350,560	43,900	189,846	1,579,066
At 1 January 2017	142,987	851,773	350,560	43,900	189,846	1,579,066
Additions	–	–	59,256	–	84,636	143,892
Disposals	–	–	(2,421)	–	(20,528)	(22,949)
Effect of movements in exchange rate	3,236	19,153	3,108	584	2,552	28,633
At 31 December 2017	146,223	870,926	410,503	44,484	256,506	1,728,642
Accumulated depreciation						
At 1 January 2016	75,911	1,091,349	956,001	26,351	407,809	2,557,421
Depreciation for the year	2,960	1,504	15,798	–	14,787	35,049
Write-off	–	(232,282)	(646,399)	–	(270,747)	(1,149,428)
Effect of movements in exchange rate	(1,690)	(15,010)	(2,113)	(551)	(1,970)	(21,334)
At 31 December 2016	77,181	845,561	323,287	25,800	149,879	1,421,708
At 1 January 2017	77,181	845,561	323,287	25,800	149,879	1,421,708
Depreciation for the year	2,849	1,318	17,463	6,033	23,138	50,801
Disposals	–	–	(2,421)	–	(20,528)	(22,949)
Effect of movements in exchange rate	1,821	19,078	2,773	584	2,323	26,579
At 31 December 2017	81,851	865,957	341,102	32,417	154,812	1,476,139
Carrying amounts						
At 1 January 2016	70,135	7,454	37,276	–	34,095	148,960
At 31 December 2016	65,806	6,212	27,273	18,100	39,967	157,358
At 31 December 2017	64,372	4,969	69,401	12,067	101,694	252,503

NOTES TO THE FINANCIAL STATEMENTS

4 Property, plant and equipment (cont'd)

In the prior year, leasehold land and buildings with carrying amounts of $65,806 were pledged to a financial institution to secure credit facilities for certain subsidiaries. As at 31 December 2017, the pledge has been discharged.

5 Goodwill

	Group	
	2017	**2016**
	$	**$**
Cost		
At 1 January and 31 December	193,026	193,026
Accumulated impairment loss		
At 1 January and 31 December	193,026	193,026
Carrying amount		
At 1 January and 31 December	–	–

Goodwill is attributable to the Group's acquisition of ITE Lumens Pte. Ltd. (ITE Lumens), an entity in the business of trading of lighting products, fixtures and accessories in 2011.

In 2013, an impairment assessment was performed on the carrying amount and goodwill attributable to ITE Lumens. The recoverable amount of ITE Lumens was based on its value in use and was determined by discounting the pre-tax future cash flows to be generated from the continuing use of ITE Lumens. The recoverable amount of ITE Lumens was determined to be lower than its carrying amount. Consequently, full impairment loss of $193,026 was recognised in 2013. As at 31 December 2017, ITE Lumens has been inactive.

6 Subsidiaries

	Company	
	2017	**2016**
	$	**$**
Unquoted equity instrument, at cost	8,202,129	7,875,561
Impairment losses	(803,825)	(803,825)
	7,398,304	7,071,736

NOTES TO THE FINANCIAL STATEMENTS

6 Subsidiaries (cont'd)

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal activities	Principal place of business/ Country of incorporation	Group's effective equity interest 2017 %	2016 %
ITE Electric Systems Co Pte. Ltd.*	Trading and distribution of electrical products	Singapore	100	100
Electech Distribution Systems Sdn. Bhd.** and its subsidiaries:	Electrical distribution and control equipment	Malaysia	100	100
Electech Manufacturing Sdn. Bhd.**@	Manufacturing and assembly of electrical distribution and control equipment	Malaysia	100	100
ITE Lumens Pte. Ltd.*@^	Trading of lighting products, fixtures and accessories	Singapore	100	100
Sunrise Industrial (Singapore) Pte. Ltd.@^	Property fund management and real estate investment trusts	Singapore	100	100
Hong Kong Sunrise Development Ltd@^ and its subsidiaries:	Investment holding company	Hong Kong	100	100
– Shenzhen Sunrise Development Ltd@^	Property consultancy, management and related services	China	100	100
– Shenzhen Tonglin Development Ltd@^	Property consultancy, management and related services	China	100	–
– Shenzhen Tonglin Consultancy Management Ltd#	Property consultancy and project management	China	100	–
Sunrise Investment Limited***	Investment holdings	Cayman Islands	100	–

* Audited by KPMG LLP Singapore.

** Audited by member firms of KPMG International.

*** No audit required

Audited by KPMG LLP Singapore for group consolidation purpose.

^ The entity is inactive in 2017.

@ Not a significant subsidiary under SGX Listing Rule 717.

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

NOTES TO THE FINANCIAL STATEMENTS

7 Deferred tax assets

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

	At 1 January $	Recognised in profit or loss (Note 18) $	Exchange differences $	At 31 December $
Group				
2017				
Deferred tax assets				
Tax losses carried-forward	52,873	–	1,196	54,069
Unabsorbed capital allowance	14,596	–	7,953	22,549
Others	27,487	26,634	(6,296)	47,825
	94,956	26,634	2,853	124,443
2016				
Deferred tax assets				
Tax losses carried-forward	54,004	–	(1,131)	52,873
Property, plant and equipment	22,521	–	(7,925)	14,596
Others	20,462	–	7,025	27,487
	96,987	–	(2,031)	94,956
Deferred tax liabilities				
Property, plant and equipment	(2,164)	2,164	–	–

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

	Group		Company	
	2017 $	2016 $	2017 $	2016 $
Tax losses carry-forward	2,513,279	1,530,923	1,603,157	793,120

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

The Group's tax losses carried forward comprise tax losses arising from its operations in Singapore and the People's Republic of China (PRC). Under the applicable PRC tax legislation, tax losses amounting to $25,613 are expected to expire within 5 years.

NOTES TO THE FINANCIAL STATEMENTS

8 Inventories

	Group 2017 $	Group 2016 $
Raw materials and consumables	224,287	144,129
Work in progress	569	1,693
Finished goods	1,828,528	1,728,294
Goods-in-transit	233,408	226,186
	2,286,792	2,100,302

During the year, the write-down of inventories to net realisable value by the Group amounted to $206,093 (2016: $28,493).

9 Trade and other receivables

	Group		Company	
	2017 $	2016 $	2017 $	2016 $
Trade receivables (net)	4,604,683	2,943,928	–	–
Deposits	225,307	283,700	–	–
Other receivables (net)	519,844	34,424	9,300	56,010
Amounts due from a subsidiary – non-trade	–	–	869,655	–
Loans and receivables	5,349,834	3,262,052	878,955	56,010
Prepayments	39,637	52,650	–	12,926
	5,389,471	3,314,702	878,955	68,936
Non-current	457,600	–	–	–
Current	4,931,871	3,314,702	878,955	68,936
	5,389,471	3,314,702	878,955	68,936

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

Included in other receivables is a loan due from a third party of S$457,600. The loan is unsecured, bears interest of 15% per annum and is repayable in 2 years.

The Group and the Company's exposure to credit and currency risks, and impairment losses related to trade and other receivables are disclosed in Note 21.

NOTES TO THE FINANCIAL STATEMENTS

10 Cash and cash equivalents

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Cash at bank and in hand	2,873,265	2,148,866	117,252	123,924
Fixed deposits	802,251	728,120	–	–
	3,675,516	2,876,986	117,252	123,924

The weighted average effective interest rates per annum relating to fixed deposits at the reporting date for the Group is 3.63% (2016: 3.63%).

11 Share capital

	Ordinary shares	
	2017	2016
	No. of shares	
Company		
In issue at 1 January	137,337,290	137,337,290
Issued for cash	41,000,000	–
In issue at 31 December	178,337,290	137,337,290

Ordinary shares

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

Issue of ordinary share

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

NOTES TO THE FINANCIAL STATEMENTS

12 Reserves

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Foreign currency translation reserve	(1,118,298)	(1,171,974)	–	–
Statutory reserve	87,158	–	–	–
Other reserve	77,297	77,297	–	–
Accumulated losses	(15,490,835)	(15,364,591)	(17,017,385)	(16,207,348)
	(16,444,678)	(16,459,268)	(17,017,385)	(16,207,348)

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.

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

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

13 Loan from a related party

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Loan from a related party	330,000	330,000	330,000	330,000

In 2016, a related party, which has the same controlling shareholder as the Company, extended a loan to the Company. The loan is unsecured, interest-free and is repayable on demand. In the prior year, the related party held shares in the Company which was disposed of to another related party in 2017.

NOTES TO THE FINANCIAL STATEMENTS

14 Trade and other payables

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Trade payables	1,712,873	1,040,101	–	–
Accrued operating expenses	503,422	433,241	120,401	38,722
Other payables	334,992	169,358	24,800	85,327
	2,551,287	1,642,700	145,201	124,049

The Group and the Company's exposure to currency and liquidity risks related to trade and other payables are disclosed in Note 21.

15 Revenue

	Group	
	2017	2016
	$	$
Sale of electrical products	12,266,831	12,099,618
Property consultancy and management fee	1,914,097	–
	14,180,928	12,099,618

NOTES TO THE FINANCIAL STATEMENTS

16 Profit/(Loss) before tax

The following items have been included in arriving at profit/(loss) before tax:

	Group	
	2017	2016
	$	$
Other income		
Rental income	–	249,777
Rebates received	24,321	24,416
Gain on disposal of property, plant and equipment	4,659	–
Government grant	67,575	119,421
Miscellaneous income	81,934	28,689
Total other income	178,489	422,303
Staff costs		
Wages and salaries	1,694,764	1,828,821
Contributions to defined contribution plans	189,827	232,920
Other related staff costs	188,630	151,991
Total staff costs	2,073,221	2,213,732
Other expenses		
Operating lease expenses	350,908	776,420
Audit fees paid and payable to:		
– auditors of the Company	82,500	62,700
– other auditors	14,137	13,900
Non-audit fees paid to:		
– other auditors	10,000	10,000
Allowance for/(Reversal of) doubtful receivables	145,963	(2,404)
Write-off of other receivables	–	19,407
Allowance for inventory obsolescence	206,093	28,493
Utilities	47,255	74,527
Professional fees	653,362	213,454
Insurance expense	23,671	53,562
Others	584,718	456,971
Total other expenses	2,118,607	1,707,030

NOTES TO THE FINANCIAL STATEMENTS

17 Finance income and finance costs

	Group 2017 $	Group 2016 $
Interest income on bank balances	29,197	28,077
Interest income on loan due from a third party	13,006	–
Foreign exchange gain, net	31,324	19,074
Finance income	73,527	47,151
Interest paid and payable to banks	–	8,309
Finance costs	–	8,309

18 Tax expense

	Note	Group 2017 $	Group 2016 $
Tax recognised in profit or loss			
Current tax expense			
– Current year		354,785	67,461
– Under provision in respect of prior years		1,134	7,325
		355,919	74,786
Deferred tax			
– Current year		(26,410)	2,164
– Over provision in respect of prior years		(224)	–
	7	(26,634)	2,164
Total tax expense		329,285	76,950
Reconciliation of effective tax rate			
Profit/(Loss) before tax		290,199	(297,311)
Tax using the Singapore tax rate of 17% (2016: 17%)		49,334	(50,543)
Effect of different tax rates in other countries		100,690	19,821
Non-deductible expenses		11,351	14,808
Current year losses for which no deferred tax asset was recognised		167,000	85,539
Under provision of tax in respect of prior years		910	7,325
		329,285	76,950

NOTES TO THE FINANCIAL STATEMENTS

19 Loss per share

Basic loss per share

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

	Group	
	2017	**2016**
	$	**$**
Loss for the year attributable to owners of the Company	(39,086)	(374,261)

Weighted – average number of ordinary shares	**No. of shares**	
	2017	**2016**
Issued ordinary shares at 1 January	137,337,290	137,337,290
Effect of new ordinary shares issued	31,676,712	–
Weighted average number of ordinary shares	169,014,002	137,337,290
Basic loss per share (cents)	(0.02)	(0.27)

Diluted loss per share

There were no instruments that would have an effect of diluting the loss per share of the Group for the years ended 31 December 2017 and 2016.

20 Operating segments

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's Chief Executive Officer (CEO) and other key management personnel (collectively Chief Operating Decision Maker (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) Electrical trading: Sale of electrical products;

(b) Electrical manufacturing: Manufacture and assembly of electrical products; and

(c) Property consultancy and management.

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 profit before tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

NOTES TO THE FINANCIAL STATEMENTS

20 Operating segments (cont'd)

	Electrical trading $	Electrical manufacturing $	Property consultancy and management $	Total consolidated balances $
2017				
Revenue				
External revenue	12,230,826	36,005	1,914,097	14,180,928
Inter-segment revenue	169,674	655,897	–	825,571
Finance income	45,530	14,991	13,006	73,527
Depreciation of property, plant and equipment	(47,779)	(3,022)	–	(50,801)
Reportable segment (loss)/profit before tax	(22,296)	(6,665)	1,141,983	1,113,022
Other material non-cash items				
– Allowance for inventory obsolescence	193,298	12,795	–	206,093
– Allowance for doubtful receivables	145,648	315	–	145,963
	338,946	13,110	–	352,056
Reportable segment assets	7,454,407	829,132	3,097,945	11,381,484
Capital expenditure	142,720	1,172	–	143,892
Reportable segment liabilities	1,540,275	77,215	775,075	2,392,565
2016				
Revenue				
External revenue	12,008,501	91,117	–	12,099,618
Inter-segment revenue	12,553	776,539	–	789,092
Finance income	6,936	21,141	–	28,077
Finance costs	(6,657)	(1,652)	–	(8,309)
Depreciation charge of property, plant and equipment	(31,680)	(3,369)	–	(35,049)
Reportable segment (loss)/profit before tax	(79,090)	15,509	–	(63,581)
Other material non-cash items				
– Allowance for inventory obsolescence	(19,927)	(8,566)	–	(28,493)
– Reversal of doubtful receivables	2,404	–	–	2,404
– Write–off of other receivables	(19,407)	–	–	(19,407)
	(36,930)	(8,566)	–	(45,496)
Reportable segment assets	7,353,501	893,048	–	8,246,549
Capital expenditure	45,197	–	–	45,197
Reportable segment liabilities	1,412,811	154,398	–	1,567,209

NOTES TO THE FINANCIAL STATEMENTS

20 Operating segments (cont'd)

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

	2017 $	2016 $
Revenue		
Total revenue for reportable segments	15,006,499	12,888,710
Elimination of inter-segment revenue	(825,571)	(789,092)
Consolidated revenue	14,180,928	12,099,618
Profit or loss before tax		
Total profit/(loss) before tax for reportable segments	1,113,022	(63,581)
Unallocated	(825,542)	(239,323)
Elimination of inter-segment profits	2,719	5,593
Consolidated profit/(loss) before tax	290,199	(297,311)
Assets		
Total assets for reportable segments	11,381,484	8,246,549
Unallocated	222,798	202,799
Deferred tax assets	124,443	94,956
Consolidated total assets	**11,728,725**	**8,544,304**
Liabilities		
Total liabilities for reportable segments	2,392,565	1,567,209
Unallocated	488,722	405,491
Current tax liabilities	355,421	12,977
Consolidated total liabilities	3,236,708	1,985,677

NOTES TO THE FINANCIAL STATEMENTS

20 Operating segments (cont'd)

Geographical segments

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

	Revenue $	Non-current assets $
2017		
Singapore	8,812,542	116,267
Malaysia	2,811,547	136,236
China	1,914,097	457,600
Other countries	642,742	–
	14,180,928	710,103
2016		
Singapore	8,694,736	45,154
Malaysia	3,252,086	112,204
Other countries	152,796	–
	12,099,618	157,358

Major customer

In the current year, revenue from a customer in the Group's property consultancy and management segment amounted to $1,684,981 of the Group's total revenues. In the prior year, a major customer of the Group's electrical trading segment accounts for $1,068,339 of the Group's total revenue.

NOTES TO THE FINANCIAL STATEMENTS

21 Financial instruments

Financial risk management

Overview

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

- credit risk
- liquidity risk
- market risk

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

Risk management framework

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

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

Credit risk

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

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

Loans and receivables

Concentration of credit risk relating to loans and receivables is limited as the customers are widely dispersed, engage in a wide spectrum of manufacturing and distribution activities, and sell in a variety of end markets.

NOTES TO THE FINANCIAL STATEMENTS

21 Financial instruments (cont'd)

Financial risk management (cont'd)

Credit risk (cont'd)

Loans and receivables (cont'd)

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

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Property developer	1,447,694	–	–	–
Contractors	1,424,847	934,853	–	–
Dealers	1,349,051	1,500,707	–	–
Others	1,128,242	826,492	878,955	56,010
	5,349,834	3,262,052	878,955	56,010

At the reporting date, approximately 55% (2016: 51%) of the Group's loans and receivables generated were due from ten (2016: ten) major customers.

Impairment losses

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

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Not past due	3,392,255	1,298,350	878,955	56,010
Past due 1 – 30 days	877,830	879,706	–	–
Past due 31 – 60 days	683,824	581,922	–	–
Past due 61 – 90 days	170,617	293,073	–	–
More than 90 days	225,308	209,001	–	–
	5,349,834	3,262,052	878,955	56,010

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

The Group believes that the amounts not impaired and are past due by more than 30 days are still collectible, based on past patterns.

NOTES TO THE FINANCIAL STATEMENTS

21 Financial instruments (cont'd)

Financial risk management (cont'd)

Impairment losses (cont'd)

Based on the Group's monitoring of customer credit risk, the Group believes that, apart from the amounts provided for impairment losses, no additional impairment allowances is necessary in respect of trade receivables not past due or past due by more than 30 days.

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

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
At 1 January	533,128	523,298	–	–
Impairment loss recognised	145,963	–	–	–
Reversal of impairment loss	–	(2,404)	–	–
Translation differences	(29,944)	12,234	–	–
At 31 December	649,147	533,128	–	–

Liquidity risk

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

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

	Carrying amount	Contractual cash flows	Within 1 year
	$	$	$
Group			
2017			
Loan from a related party	330,000	(330,000)	(330,000)
Trade and other payables	2,551,287	(2,551,287)	(2,551,287)
	2,881,287	(2,881,287)	(2,881,287)
2016			
Loan from a related party	330,000	(330,000)	(330,000)
Trade and other payables	1,642,700	(1,642,700)	(1,642,700)
	1,972,700	(1,972,700)	(1,972,700)

NOTES TO THE FINANCIAL STATEMENTS

21 Financial instruments (cont'd)

Financial risk management (cont'd)

Liquidity risk (cont'd)

	Carrying amount $	Contractual cash flows $	Within 1 year $
Company			
2017			
Loan from a related party	330,000	(330,000)	(330,000)
Trade and other payables	145,201	(145,201)	(145,201)
	475,201	(475,201)	(475,201)
2016			
Loan from a related party	330,000	(330,000)	(330,000)
Trade and other payables	124,049	(124,049)	(124,049)
	454,049	(454,049)	(454,049)

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

	Liabilities Loan from a related party $	Equity Share capital $	Total $
Balance at 1 January 2017	330,000	23,017,885	23,347,895
Changes from financing cash flows	–	–	–
Issuance of new ordinary shares	–	1,918,800	1,918,800
Total changes from funding cash flows	–	1,918,800	1,918,800
Balance at 31 January 2017	330,000	24,936,695	25,266,695

Market risk

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

NOTES TO THE FINANCIAL STATEMENTS

21 Financial instruments (cont'd)

Financial risk management (cont'd)

Market risk (cont'd)

Interest rate risk

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

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

	Group Nominal amount	
	2017	**2016**
	$	**$**
Fixed rate instruments		
Fixed deposits	802,251	728,120
Other receivables	457,600	–
	1,259,851	728,120

Fair value sensitivity analysis for fixed rate instruments

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

Foreign currency risk

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

NOTES TO THE FINANCIAL STATEMENTS

21 Financial instruments (cont'd)

Financial risk management (cont'd)

Foreign currency risk (cont'd)

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

	2017		2016	
	Euro	US dollar	Euro	US dollar
	$	$	$	$
Group				
Trade and other receivables	–	–	19,873	574
Cash and cash equivalents	–	2,735	1,909	–
Trade and other payables	(72,146)	(374,168)	(182,008)	(123,000)
	(72,146)	(371,433)	(160,226)	(122,426)

The Company does not have exposure to foreign currency risk.

Sensitivity analysis

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

	Group Profit or loss $
2017	
Euro	(7,215)
US dollar	(37,143)
2016	
Euro	(16,023)
US dollar	(12,243)

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

NOTES TO THE FINANCIAL STATEMENTS

21 Financial instruments (cont'd)

Financial risk management (cont'd)

Accounting classifications and fair values

Fair values versus carrying amounts

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

		Carrying amount		
	Note	Loans and receivables $	Other financial liabilities $	Total $
Group				
31 December 2017				
Financial assets not measured at fair value				
Trade and other receivables*	9	5,349,834	–	5,349,834
Cash and cash equivalents	10	3,675,516	–	3,675,516
		9,025,550	–	9,025,550
Financial liabilities not measured at fair value				
Loan from a related party	13	–	(330,000)	(330,000)
Trade and other payables	14	–	(2,551,287)	(2,551,287)
		–	(2,881,287)	(2,881,287)
31 December 2016				
Financial assets not measured at fair value				
Trade and other receivables*	9	3,262,052	–	3,262,052
Cash and cash equivalents	10	2,876,986	–	2,876,986
		6,139,038	–	6,139,038
Financial liabilities not measured at fair value				
Loan from a related party	13	–	(330,000)	(330,000)
Trade and other payables	14	–	(1,642,700)	(1,642,700)
		–	(1,972,700)	(1,972,700)

* Excludes prepayments

NOTES TO THE FINANCIAL STATEMENTS

21 Financial instruments (cont'd)

Financial risk management (cont'd)

Accounting classifications and fair values (cont'd)

Fair values versus carrying amounts (cont'd)

	Note	Carrying amount		
		Loans and receivables $	Other financial liabilities $	Total $
Company				
31 December 2017				
Financial assets not measured at fair value				
Trade and other receivables*	9	878,955	–	878,955
Cash and cash equivalents	10	117,252	–	117,252
		996,207	–	996,207
Financial liabilities not measured at fair value				
Loan from a related party	13	–	(330,000)	(330,000)
Trade and other payables	14	–	(145,201)	(145,201)
		–	(475,201)	(475,201)
31 December 2016				
Financial assets not measured at fair value				
Trade and other receivables*	9	56,010	–	56,010
Cash and cash equivalents	10	123,924	–	123,924
		179,934	–	179,934
Financial liabilities not measured at fair value				
Loan from a related party	13	–	(330,000)	(330,000)
Trade and other payables	14	–	(124,049)	(124,049)
		–	(454,049)	(454,049)

* Excludes prepayments

No fair value information for financial assets and financial liabilities not measured at fair value is presented as the carrying amount is a reasonable approximation of fair value.

NOTES TO THE FINANCIAL STATEMENTS

21 Financial instruments (cont'd)

Financial risk management (cont'd)

Determination of fair values

Other financial assets and liabilities

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

Other receivables

Based on the expected cash flows of other receivables, discounted to its present value, the fair value of other receivables with a maturity of more than one year approximates its carrying amount.

Capital management

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

NOTES TO THE FINANCIAL STATEMENTS

21 Financial instruments (cont'd)

Financial risk management (cont'd)

Capital management (cont'd)

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

	2017 $	2016 $
Total liabilities	3,236,708	1,985,677
Less: cash and cash equivalents	3,675,516	2,876,986
Net cash	438,808	891,309
Total equity	8,492,017	6,558,627
Net cash to equity ratio at 31 December	0.05	0.14

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

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

22 Operating lease commitments

Non-cancellable operating leases rentals are payable as follows:

	Group		Company	
	2017 $	2016 $	2017 $	2016 $
Within one year	336,000	390,000	–	54,000
Between one and five years	–	372,000	–	36,000
	336,000	762,000	–	90,000

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

During the year, the Company ceased its lease agreement for an office premise. As at 31 December 2017, the Company did not have any operating lease commitment.

NOTES TO THE FINANCIAL STATEMENTS

23 Related parties

Key management personnel compensation

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

	2017 $	2016 $
Directors of the Company		
– Directors' fees	115,000	206,333
– Short-term employee benefits	221,000	152,233
– Contribution to defined contribution plans	850	11,139
	336,850	369,705
Directors of the subsidiaries		
– Advisory service fee*	320,307	98,700
– Directors' fees	6,000	–
– Short-term employee benefits	140,960	72,240
– Contribution to defined contribution plans	20,937	–
	488,204	170,940
Other key management personnel		
– Short-term employee benefits	42,000	80,233
– Contribution to defined contribution plans	–	11,906
	42,000	92,139
Total key management personnel compensation incurred by the Group	867,054	632,784

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

24 Accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Valuation of trade receivables

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

NOTES TO THE FINANCIAL STATEMENTS

24 Accounting estimates and judgements (cont'd)

Valuation of inventories

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

Valuation of deferred tax assets

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

25 Comparative information

Change in classification

The Group modified the classification of certain items in the consolidated statement of profit or loss to better reflect the nature of its operations. The table below summarises changes made to the consolidated statement of profit or loss for the financial year ended on 31 December 2016:

Consolidated statement of profit or loss

	As previously reported 2016 $'000	Reclassification 2016 $'000	As currently reported 2016 $'000
Other income	47,151	(47,151)	–
Finance income	–	47,151	47,151
	47,151	–	47,151

These reclassification had no impact on the consolidated statement of financial position and consolidated statement of cash flows.

STATISTICS OF SHAREHOLDINGS

AS AT 16 MARCH 2018

Class of Shares	– Ordinary shares
No. of Shares (excluding treasury shares and subsidiary holdings)	– 178,337,290 ordinary shares
Voting Rights	– One Vote per share

The Company does not have any Treasury shares and Subsidiary holdings.

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	1	0.11	10	0.00
100 – 1,000	203	22.23	197.955	0.11
1,001 – 10,000	423	46.33	2,288,740	1.28
10,001 – 1,000,000	266	29.14	40,017,528	22.44
1,000,001 AND ABOVE	20	2.19	135,833,057	76.17
TOTAL	**913**	**100.00**	**178,337,290**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	UOB KAY HIAN PRIVATE LIMITED	40,127,815	22.50
2	PHILLIP SECURITIES PTE LTD	19,379,700	10.87
3	CENTRAL POINT INVESTMENT (S) PTE LTD	13,185,000	7.39
4	QUALITY ABLE LIMITED	8,000,000	4.49
5	SKY CONSULTANTS LIMITED	8,000,000	4.49
6	TAN KENG SOON	6,832,500	3.83
7	HARPAL SINGH	6,815,000	3.82
8	LI HUA	6,357,142	3.56
9	CITIBANK NOMINEES SINGAPORE PTE LTD	5,921,000	3.32
10	FOO CHEE JEOW & SONS HOLDINGS (PTE) LTD	3,163,000	1.77
11	NG CHOON NGOI @ NG CHOON NGO	3,032,900	1.70
12	CHEE SUWEN	2,800,000	1.57
13	CHARLESTON HOLDINGS PTE LTD	2,233,000	1.25
14	LIM CHAN LOK	2,233,000	1.25
15	CHAN HOE YIN @ CHAN PAK YIN	1,540,000	0.86
16	ZAHEER K MERCHANT	1,500,000	0.84
17	XIA ZHENG	1,365,000	0.77
18	ONG BOON SING	1,273,000	0.71
19	LEE WEE NGAM	1,073,000	0.60
20	ANG JUI KHOON	1,002,000	0.56
	TOTAL	**135,833,057**	**76.15**

STATISTICS OF SHAREHOLDINGS

AS AT 16 MARCH 2018

SUBSTANTIAL SHAREHOLDERS AS AT 16 MARCH 2018

(As recorded in the Register of Substantial Shareholders)

		Direct Interest		Deemed Interests	
No.	**Name**	**No. of shares held**	**%**	**No. of shares held**	**%**
1.	Central Point Investment (S) Pte. Ltd.(1)	13,185,000	7.4	39,827,815	22.33
2.	LC International Holdings Pte. Ltd.(2)	–	–	53,012,815	29.73
3.	H Wealth Management Co. Limited(3)	–	–	53,012,815	29.73
4.	Wong Siu Fai(4)	–	–	53,012,815	29.73

Notes:

(1) Central Point Investment (S) Pte. Ltd. ("CPI") is deemed interested in 39,827,815 Shares held through UOB Kay Hian Private Limited by virtue of Section 7 of the Companies Act.

(2) LC International Holdings Pte. Ltd. ("LC") is deemed interested in the Shares held by CPI through its 100% interest in the issued share capital of CPI.

(3) H Wealth Management Co. Limited ("HWM") is deemed interested in the Shares held by CPI through its 100% interest in the issued share capital of LC.

(4) Wong Siu Fai is deemed interested in the Shares held by CPI through his 100% interest in the issued share capital of HWM.

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

As at 16 March 2018, 70.27% 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 at Six Battery Road, #10-01, Singapore 049909 on Monday, 23 April 2018 at 2.00 p.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 2017 together with the Independent Auditors' Report thereon.
(Resolution 1)

2. To re-elect the following Directors of the Company who is retiring pursuant to Regulation 91 of the Constitution of the Company:

Mr Zhang Zhi Liang **(Resolution 2)**
Mr Chew Vincent **(Resolution 3)**

[See Explanatory Note (i)]

3. To approve the payment of Directors' fees of S$115,000 for the financial year ended 31 December 2017 (FY2016: S$206,333)
(Resolution 4)

4. To re-appoint Messrs KPMG LLP as Auditors of the Company 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, Chapter 50 and Rule 806 of the Listing Manual – Section B: Rules of the Catalist of the Singapore Exchange Securities Trading Limited**

That, pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore ("**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

NOTICE OF ANNUAL GENERAL MEETING

(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

(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 pursuance 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;

NOTICE OF ANNUAL GENERAL MEETING

(b) new shares arising from the exercise of share options or vesting of share awards outstanding and/or subsisting at the time of the passing of this Resolution provided the share options or share awards, were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(c) any subsequent bonus issue, consolidation or subdivision of the Company's shares;

(iv) in exercising the authority conferred by this Resolution, the 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, 6 April 2018

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) Mr Chew Vincent will, upon re-election as Director of the Company, remains as the member of the Audit Committee and Remuneration Committee.

(ii) 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:

1. A Member of the Company (other than a Relevant Intermediary*) entitled to attend and vote at the AGM (the "**Meeting**") is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.

2. Where a member (other than a Relevant Intermediary*) appoints two proxies, he/she shall specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy in the instrument appointing the proxies.

3. A Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified.

4. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. The appointment of proxy must be executed under seal or the hand of its duly authorised officer or attorney in writing.

5. The instrument appointing a proxy or proxies must be deposited at the Registered Office of the Company at Six Battery Road #10-01 Singapore 049909 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

* A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act (Chapter 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

NOTICE OF ANNUAL GENERAL MEETING

PERSONAL DATA PRIVACY

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

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

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

The contact person for the Sponsor is: -

Name: Mr. Mah How Soon, Registered Professional, RHT Capital Pte. Ltd.
Address: 9 Raffles Place, #29-01 Republic Plaza Tower 1, Singapore 048619
Tel: (65) 6381 6757

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

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

ANNUAL GENERAL MEETING PROXY FORM

(Please see notes overleaf before completing this Form)

I/We, ______________________________ (Name) ____________________ (NRIC/Passport No)

of ____ (Address)

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

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

and/or (delete as appropriate)

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

as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "**Meeting**") of the Company to be held at Six Battery Road, #10-01, Singapore 049909 on Monday, 23 April 2018 at 2.00 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

No.	Resolutions relating to:	No. of votes 'For'**	No. of votes 'Against'**
Ordinary Business			
1	Audited Financial Statements and Directors' Statement for the financial year ended 31 December 2017		
2	Re-election of Mr Zhang Zhi Liang as a Director		
3	Re-election of Mr Chew Vincent as a Director		
4	Approval of Directors' fees for the financial year ended 31 December 2017		
5	Re-appointment of Messrs KPMG LLP as Auditors of the Company and to authorise the Directors of the Company to fix their remuneration		
Special Business			
6	Authority to allot and issue shares		

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

Dated this ________ day of ________________ 2018

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

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

* A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act (Chapter 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

General:

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

Personal Data Privacy:

By submitting an instrument appointing proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 6 April 2018.

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

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SUNRISE SHARES HOLDINGS LTD.

ANNUAL REPORT 2017