



SUNRISE SHARES HOLDINGS LTD.

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# 2019

ANNUAL REPORT

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This annual report has been prepared by the Company and reviewed by the sponsor, Novus Corporate Finance Pte. Ltd. (the "Sponsor"), in compliance with Rule 226(2)(b) with the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst.

This annual report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made, or reports contained in this annual report.

The contact person for the Sponsor is Mr Pong Chen Yih, Chief Operating Officer, 9 Raffles Place, #17-05 Republic Plaza Tower 1, Singapore 048619, telephone (65) 6950 2188.

## LETTER TO SHAREHOLDERS

On behalf of the board of directors at Sunrise Shares Holdings Ltd. ("**Company**", and together with its subsidiaries, the "**Group**"), I am pleased to present to you the Company's annual report for the financial year ended 31 December ("**FY**") 2019.

### IMPORTANT EVENTS

On 10 May 2019, the Company entered into a conditional sale and purchase agreement with Mr. Soh Sheng Pyng pursuant to which the Company agreed to sell the entire issued and paid-up share capital of (i) ITE Electric Systems Co Pte. Ltd. (ii) Electech Distribution Systems Sdn. Bhd; (iii) Electech Manufacturing Sdn. Bhd.; and (iv) ITE Lumens Pte. Ltd. (collectively the "**Disposal Group**") (the "**Proposed Disposal**"). The Proposed Disposal was completed on 18 June 2019 and the Company had received the full payment for the Proposed Disposal amounting to an aggregate of S\$1.8 million, in accordance with the terms and conditions of the sale and purchase agreement.

On 8 November 2019, the Company entered into a subscription agreement with Mr. Cheung Chi Hung ("**Mr. Cheung**"), pursuant to which Mr. Cheung had proposed to subscribe for 31,000,000 new ordinary shares in the share capital of the Company (the "**Proposed Subscription**"), with estimated net proceeds of S\$709,600 to be raised from the Proposed Subscription. On 2 January 2020, the Company announced the completion of the Proposed Subscription. Following the completion of the Proposed Subscription, the total number of issued shares of the Company has increased from 178,337,290 to 209,337,290 shares.

### PERFORMANCE REVIEW

#### Continuing Operations (Property consultancy and management)

In FY2019, the Group reported a 71% or approximately S\$3.4 million decrease in revenue, from S\$4.8 million in FY2018 to S\$1.4 million in FY2019, mainly due to the decrease in income from sales brokerage commission as a result of the completion of one of the property consultancy contracts in FY2018.

Finance income decreased by approximately S\$208K to S\$43,000 in FY2019, as compared to S\$251K in FY2018, which was due to the settlement of the third-party loan by counterparty during FY2019.

The Group recorded a profit before tax of approximately S\$125K in FY2019 from continuing operations, as compared to a profit before tax of approximately S\$2.0 million in FY2018. After taking into account income tax expense of approximately S\$287K (FY2018: S\$755K), the Group incurred a net loss of approximately S\$161K in FY2019, as compared to a net profit of approximately S\$1.3 million in FY2018 from continuing operations.

#### Discontinued Operations (Electrical trading and manufacturing segments)

The loss from discontinuing operations decreased from approximately S\$5.0 million in FY2018 to approximately S\$1.1 million in FY2019. This was mainly due to (i) the impairment loss relating to the disposal of discontinuing operations recognized in FY2018, and (ii) the reclassification of currency translation reserve of the Disposal Group in FY2019.

Overall, the group reported a net loss of S\$1.2 million in FY2019 compared to a net loss S\$3.8 million in FY2018.

### DIVIDENDS

The Board is not recommending a dividend for FY2019 as the Group has incurred a loss for FY2019 and it intends to conserve its cash for growth in anticipation of an overall challenging business environment.

### OUTLOOK

Due to the widespread outbreak of COVID-19, the global economy is experiencing the biggest crisis in decades. The governments of various countries have taken drastic measures to limit the spread of COVID-19 including, among others, travel restrictions, safe distancing measures and lock-downs. In light of this, the continuous panic has greatly affected the investment markets all over the world.



## LETTER TO SHAREHOLDERS

The Chinese economy is expected to experience a mere 2% growth rate in 2020<sup>(1)</sup>. Investment in the real estate market was temporarily shut down during the lock-down imposed by the Chinese government, which also resulted in delays to the property construction of our clients' projects. For the first half of the year, new contracts and renewal contracts have been delayed as many of our business partners were affected by the temporary suspension of business. Existing projects were also affected as the real estate market was frozen for the first three months of 2020. The Group foresees that the market should partially recover only in the fourth quarter of 2020.

The Group expects a very tough business environment in FY2020. We will conduct prudent cost control in the group, and actively consider expand new viable businesses and clients to enhance group 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 faced in the past years. 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.

Wong Siu Fai  
Executive Director and Chairman  
26 May 2020

(1) Press release by Bloomberg on 24 April 2020 titled "China's 2020 Economic Growth Seen Sliding below 2% in Survey"

## OPERATIONS REVIEW

The Group operates mainly in three markets – Singapore, China and Malaysia. The Property Consultancy Management operates in China and the Electrical Trading and Manufacturing segments operates mainly in Singapore and Malaysia. As the Group completed the Disposal on 18 June 2019, the Property Consultancy Management became the major operations for the Group. The Group held an extraordinary general meeting on 12 June 2019 to obtain shareholder's approval to expand and diversify its core business to include Investment Business. During FY2019, the Group had not commenced any operations under Investment Business.

### PROPERTY CONSULTANCY AND MANAGEMENT (Continuing operations)

The Property Consultancy and Management segment is carried out by the Group's wholly-owned subsidiary, Shenzhen Kimshek Consultancy Management Limited ("**SKCML**") (f.k.a Shenzhen Sunrise Consultancy Management Limited/f.k.a Shenzhen Zhong Tong Consultancy Management Limited), which is engaged in provision of property management and consultancy services to property management companies in China. In 2019, SKCML secured consultancy and management contracts projects in several China cities including Shenzhen in Guangdong, Wuzhishan in Hainan and Shijiazhuang in Hebei. As a result, the segment recorded a revenue of S\$1.4 million in FY2019, as compared to S\$4.8 million in FY2018, and a segmental profit before tax of approximately S\$1.2 million in FY2019 (FY2018: S\$2.9 million). The decrease was mainly due to the completion of sale brokerage contract in FY2018.

### ELECTRICAL TRADING (Disposed operations)

The Electrical Trading segment involved the sale of electrical products and systems, light emitting diode ("**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 the period of 1 January 2019 to 18 June 2019 (date of disposal), the segment reported a segmental revenue of approximately S\$5.6 million and segmental profit before tax of S\$186,000.

### ELECTRICAL MANUFACTURING (Disposed operations)

The Electrical Manufacturing segment 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 EMSB are marketed by ITEES and EDSM.

In the period of 1 January 2019 to 18 June 2019 (date of disposal), the segment reported a segmental revenue of approximately S\$11,000 and segmental loss before tax of approximately S\$27,000.



# FINANCIAL REVIEW

## FINANCIAL PERFORMANCE

On 18 June 2019, the Company completed the disposal of the entire issued and paid-up share capital of ITE Electric Systems Co Pte. Ltd., Electech Distribution Systems Sdn. Bhd., Electech Manufacturing Sdn. Bhd., and ITE Lumens Pte. Ltd. (the **"Disposal Group"**) (**"Disposal"**). Accordingly, the financial results of the Disposal Group had been recorded by the Group as discontinuing operations in FY2019 and FY2018. Subsequent to the Disposal, the Group's business comprises primarily property consultancy and management in China, representing the continuing operations in FY2019 and FY2018. The Group had recognized approximately S\$4.6 million of impairment loss on the Disposal Group in FY2018 and recognized approximately S\$1.1 million of currency translation loss on the Disposal Group in FY2019.

### Continuing Operations (Property consultancy and management segments)

The Group reported revenue of approximately S\$1.4 million in FY2019, as compared to approximately S\$4.8 million in FY2018, representing a decrease of 71% or S\$3.4 million mainly due to the completion of one of the property consultancy contracts in FY2018.

Sales agent fee decreased by 92% or S\$1.7 million, from approximately S\$1.8 million in FY2018 to approximately S\$142,000 in FY2019, mainly due to decrease in fees paid to a third party sales agent engaged for the aforementioned property consultancy contract in FY2018.

Administrative expenses decreased by 7% or S\$93,000, from approximately S\$1.3 million in FY2018 to approximately S\$1.2 million in FY2019. The decrease was mainly due to cost-cutting measure imposed in FY2019.

Interest income from a third party was approximately S\$43,000 in FY2019 and S\$251,000 in FY2018. The decrease was mainly due to the full repayment of a loan by the third party during FY2019. Further, interest income earned from bank deposits was approximately S\$13,000 in FY2019 and S\$34,000 in FY2018, with the decrease in interest earned in FY2019 due to lower deposits in bank.

Tax expense amounted to approximately S\$287,000 in FY2019, as compared to S\$755,000 in FY2018. This relates to the tax accrued pursuant to the Group's consultancy segment.

As a result of the above, the Group incurred a net loss of approximately S\$161,000 in FY2019, as compared to a net profit of approximately S\$1.3 million in FY2018, in respect of the continuing operations.

### Discontinued Operations (Electrical trading and manufacturing segments)

The discontinued operations recorded a net loss of approximately S\$1.1 million in FY2019, as compared to a net loss of approximately S\$5.0 million in FY2018. The loss in FY2019 was mainly related to the currency translation loss on the Disposal Group while the loss in FY2018 was due to the recognition of an impairment loss on the Disposal Group.

### Loss for the year (net of tax)

As a result of the above, the Group reported net loss for the period of S\$1.2 million in FY2019, as compared to net loss for the period of S\$3.8 million in FY2018.

## FINANCIAL POSITION

### Assets

#### Non-Current Assets

Other receivables decreased by approximately S\$1.4 million, from S\$1.4 million as at 31 December 2018 to nil as at 31 December 2019, due to the receipt of full settlement of a loan extended by the Company's subsidiary, namely Shenzhen Kimshek Consultancy Management Limited (**"SKCML"**) (f.k.a Shenzhen Sunrise Consultancy Management Limited/f.k.a Shenzhen Zhong Tong Consultancy Management Limited) to Hebei Mucun Construction Company of S\$1.8 million as at 31 December 2019.

#### Current Asset

Trade and other receivables decreased by S\$187,000, from approximately S\$450,000 as at 31 December 2018 to approximately S\$263,000 as at 31 December 2019, mainly due to the decrease in service revenue receivables from the property consultancy segment.

Cash and cash equivalents increased from approximately S\$3.6 million as at 31 December 2018 to approximately S\$5.0 million as at 31 December 2019. The increase in cash and cash equivalents of S\$1.4 million was mainly due to (i) repayment from a third party of S\$1.8 million. (ii) advances of S\$0.7 million from the subscriber of the ordinary shares and (iii) repayment of loan from a related party of S\$0.5 million, which was partially offset by income tax payable of S\$0.8 million and repayment of loan from a related party of S\$0.8 million.

Assets held for sale of approximately S\$3.7 million as at 31 December 2018 relate to the assets of the Disposal Group, including the impairment loss recognized of approximately S\$4.6 million. The Disposal was completed on 18 June 2019.

## FINANCIAL REVIEW

Please refer to the Company's announcements dated 18 June 2019 and 15 July 2019 for further information.

### **Current Liabilities**

Loan from a related party decreased from approximately S\$0.3 million as at 31 December 2018 to nil as at 31 December 2019. This relates to a loan provided by the controlling shareholder of the Company, Mr Wong Siu Fai, to the Group. The loan was fully repaid as at the date of this annual report.

Trade and other payables decreased by S\$0.8 million, from approximately S\$1.6 million as at 31 December 2018 to approximately S\$0.8 million as at 31 December 2019. This decrease was mainly due to the settlement of agent fees payable under the property management segment and which was offset by the S\$0.7 million advance from the subscriber of the ordinary shares.

Current tax liabilities decreased by S\$702,000, from approximately S\$775,000 as at 31 December 2018 to approximately S\$73,000 as at 31 December 2019, mainly due to the settlement of the tax payable balance.

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

The Group recorded a positive working capital of S\$4.3 million as at 31 December 2019, as compared to a positive working capital of approximately S\$1.4 million as at 31 December 2018 (excluding assets held for sale and liabilities directly associated with the assets held for sale).

# FINANCIAL HIGHLIGHTS

| For the Year                                    | 2019<br>\$'000 | 2018<br>\$'000 | %<br>Change  |
|-------------------------------------------------|----------------|----------------|--------------|
| <b>Continuing Operations</b>                    |                |                |              |
| <b>REVENUE</b>                                  |                |                |              |
| 1st half                                        | 937            | 3,021          | (69%)        |
| 2nd half                                        | 484            | 1,827          | (74%)        |
| Total                                           | 1,421          | 4,848          | (71%)        |
| <b>PROFIT/(LOSS) from continuing operations</b> |                |                |              |
| 1st half                                        | 87             | 470            | (81%)        |
| 2nd half                                        | (248)          | 780            | NM           |
|                                                 | <b>(161)</b>   | <b>1,251</b>   | <b>NM</b>    |
| Discontinued operations                         | (1,065)        | (5,033)        | (79%)        |
| <b>Total</b>                                    | <b>(1,226)</b> | <b>(3,783)</b> | <b>(68%)</b> |
| <b>Equity</b>                                   |                |                |              |
| Share capital                                   | 24,937         | 24,937         | –            |
| Reserves                                        | (20,606)       | (20,324)       | 1%           |
| Shareholders' funds                             | 4,331          | 4,613          | (6%)         |
| <b>Total Equity</b>                             | <b>4,331</b>   | <b>4,613</b>   | <b>(6%)</b>  |
| Borrowings                                      | –              | 330            | NM           |
| Total Assets                                    | 5,241          | 9,196          | (43%)        |
| <b>Financial Ratios</b>                         |                |                |              |
| (Loss) per share (cents)                        |                |                |              |
| Basic and diluted                               | (0.69)         | (2.12)         | (67%)        |
| Net asset value per share (cents)               | 2.43           | 2.59           | (6%)         |
| <b>Total debts to total equity</b>              | <b>–</b>       | <b>0.07</b>    | <b>NM</b>    |

## FIVE-YEAR FINANCIAL SUMMARY

| Financial Results                               | 2019<br>\$'000 | 2018<br>\$'000 | 2017<br>\$'000 | 2016<br>\$'000 | 2015<br>\$'000 |
|-------------------------------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Continuing Operations</b>                    |                |                |                |                |                |
| Revenue                                         | 1,421          | 4,848          | 1,914          | 12,100         | 15,790         |
| (Loss)/Profit before interest and tax           | 69             | 1,721          | 313            | (317)          | 47             |
| Interest income                                 | 56             | 284            | 13             | 28             | 31             |
| Finance costs                                   | –              | –              | –              | (8)            | (66)           |
| (Loss)/Profit before tax                        | 125            | 2,005          | 326            | (297)          | 12             |
| Taxation                                        | (287)          | (755)          | (291)          | (77)           | (32)           |
| <b>(Loss)/Profit from continuing operations</b> | (161)          | 1,250          | 36             | (374)          | (20)           |
| <b>Loss from discontinued operations</b>        | (1,065)        | (5,033)        | (75)           | 0              | 0              |
| Loss for the year                               | (1,226)        | (3,783)        | (49)           | (374)          | (20)           |
| <b>Financial Position</b>                       |                |                |                |                |                |
| Non-current assets                              | –              | 1,406          | 835            | 252            | 246            |
| Current assets                                  | 5,241          | 7,790          | 10,894         | 8,292          | 9,055          |
| <b>Total assets</b>                             | <b>5,241</b>   | <b>9,196</b>   | <b>11,729</b>  | <b>8,544</b>   | <b>9,301</b>   |
| Borrowings                                      | –              | (330)          | (330)          | (330)          | (203)          |
| Other liabilities and non-controlling interests | (910)          | (4,253)        | (2,907)        | (1,655)        | (2,106)        |
| <b>Total Net Assets</b>                         | <b>4,331</b>   | <b>4,613</b>   | <b>8,492</b>   | <b>6,559</b>   | <b>6,992</b>   |
| Share capital                                   | 24,937         | 24,937         | 24,937         | 23,018         | 23,018         |
| Reserves                                        | (20,606)       | (20,324)       | (16,445)       | (16,459)       | (16,026)       |
| Shareholders' funds                             | 4,331          | 4,613          | 8,492          | 6,559          | 6,992          |
| <b>Financial Ratios</b>                         |                |                |                |                |                |
| (Loss) per share (cents)                        | (0.69)         | (2.12)         | (0.02)         | (0.27)         | (0.01)         |
| Net asset value per share (cents)               | 2.43           | 2.59           | 4.76           | 4.78           | 5.09           |
| Total borrowings to shareholders' funds         | –              | 0.07           | 0.04           | 0.05           | 0.03           |

## BOARD OF DIRECTORS

### MR WONG SIU FAI

*Executive Director and Chairman*

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

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

Mr. Wong holds a Master degree from ShenZhen University, China.

### MR ZHENG AIMIN

*Lead Independent Director*

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

Mr Zheng is the chairman of Beijing Dadu Wazao New Materials Technology Holdings Limited. From 2003 to 2011, Mr Zheng was the chairman and general manager of Beijing Dajing Wazao New Materials Holdings Limited, and from 2000 to 2011, 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.



## BOARD OF DIRECTORS

### MS HUANG ANNA YI

*Non-Executive Director*

Ms Huang Anna Yi ("**Ms Huang**") was appointed to the Board as a Non-Executive Director on 23 April 2018, and was a member of the AC, NC and the RC.

Ms Huang is the managing director of Hong Kong Sunrise Group Holdings Ltd. and a director of Central Point (S) Investment Pte. Ltd. From 2010 to 2013, she was a director of Union Gate Investment Ltd., and from 2012 to 2013, she was a legal assistant of Hong Kong Refugee Advice Centre. As at the date of this annual report, Ms Huang has resigned from the Board with effect from 23 April 2020 and accordingly is no longer a member of the AC, NC and the RC.

Ms Huang holds a Master of Laws from Washington University in St. Louis, and Juris Doctor degree from Chinese University of Hong Kong.

### MR TANG AN

*Independent Director*

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

Mr Tang is currently the managing partner and chief accountant of Shenzhen Changping Accounting Firm. From 2007 to 2016, he was a director of Xiamen Sunrise Investment Holdings Ltd.

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

### MR WANG ZIQUAN

*Independent Director*

Mr Wang Ziquan ("**Mr Wang**") was appointed to the Board as an Independent Director on 11 February 2019.

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

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

## KEY MANAGEMENT

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**MR CHAN HING YIN** is the Chief Financial Officer of the Company and is responsible for the financial and accounting functions of the Group. He joined the Company on 20 March 2017. From 2015 to 2017, he was the chief financial officer for China Cloud Construction Group Ltd, and from 2012 to 2015, financial controller for Distell (Hong Kong) Limited and 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 Certified Public Accountant in USA and a member of Phi Theta Kappa Honor Society, USA.

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

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**MR HUANG RUI** is the Vice President of the Company and is responsible for the Company's overall development strategy, develop strategy plan and business plan, and be responsible for the organization and implementation of daily operations and management. He joined the Company on 8 March 2019. From 2010 to 2011, he was the manager of publicity to the executive's office for Shenzhen Overseas Chinese Town Holding Company Limited. From 2011 to 2013, he was the manager of marketing and sales for Ping An Insurance Company, and from 2013 to 2019, he was the assistant to the president for Guangdong Sunrise Group Company Limited. From 2017 to present, he is the director of Sunrise Investment Limited. Mr Huang holds a Bachelor of Art from Auckland University.

## CORPORATE INFORMATION

### **BOARD OF DIRECTORS:**

Wong Siu Fai  
(Executive Director and Chairman)

Zheng Aimin  
(Lead Independent Director)

Tang An  
(Independent Director)

Wang Ziquan  
(Independent Director)

### **AUDIT COMMITTEE:**

Tang An (Chairman)  
Zheng Aimin

### **NOMINATING COMMITTEE:**

Zheng Aimin (Chairman)  
Tang An

### **REMUNERATION COMMITTEE:**

Zheng Aimin (Chairman)  
Tang An

### **COMPANY SECRETARY:**

Shirley Tan Sey Liy (ACIS)

### **PRINCIPAL ACTIVITIES OF THE GROUP:**

Property Fund Management  
Property Business, Hospitality and Fund  
Management Business

### **AUDITORS:**

Baker Tilly TFW LLP  
Public Accountants and Chartered  
Accountants, Singapore  
600 North Bridge Road  
#05-01 Parkview Square  
Singapore 188778

Partner in charge:  
Mr Ong Kian Guan  
(Appointed since the financial year ended 2019)

### **BANKERS:**

United Overseas Bank Limited  
RHB Bank Berhad  
CIMB Bank Berhad  
DBS Bank Ltd  
Shanghai Pudong Development Bank  
Bank of China (Hong Kong)  
The Hongkong and Shanghai Banking  
Corporation Limited

### **REGISTERED OFFICE:**

30 Cecil Street, #19-08  
Prudential Tower  
Singapore 049712

### **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.  
30 Cecil Street, #19-08  
Prudential Tower  
Singapore 049712

### **SPONSOR:**

Novus Corporate Finance Pte. Ltd.  
9 Raffles Place  
#17-05 Republic Plaza Tower 1  
Singapore 0486198

## SUSTAINABILITY REPORTING

The Company upholds the high standards of responsible and sustainable business practices. We are committed to instilling sustainability in our corporate culture and improving the economic, environmental and social wellbeing of our stakeholders. We prudently balance economic viability with sustainability and social progress for future generations.

The company takes pride in our electrical products supplies, ensuring product quality and safety has always been our top priority. We regularly review our quality assurance policies and electrical manufacturing practices, and strictly comply with industry regulations to ensure that our products are safe to use. The Company has since ceased all business in the Electrical Trading and Manufacturing business since the completion of the disposal of Electrical Trading and Manufacturing business as of 18 June 2019.

The Group has always strived to ensure our property consultancy and management clients to develop their properties sustainably and incorporate sustainable designs and measures. We also advise them in the management of their contractors to ensure sustainable construction. We take extra precaution to ensure that our clients comply with relevant environmental and social laws and regulations.

The Group has assigned a Sustainability Task Force for each business segment to oversee sustainability reporting, to monitor our sustainability performance and the implementation of our sustainability policies and measures. We endeavor to streamline our business operations to improve efficiency and conserve resources.

Below is a summary table of the key topics that are relevant to the Group and our stakeholders.

| ECONOMIC        | ENVIRONMENTAL                                                                        | SOCIAL                                                                                                                                                                                                                 |
|-----------------|--------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Anti-corruption | Energy<br>Emissions<br>Environmental Compliance<br>Supplier Environmental Assessment | Employment<br>Occupational Health and Safety<br>Training and Education<br>Diversity and Equal Opportunity<br>Local Communities<br>Supplier Social Assessment<br>Customer Health and Safety<br>Socioeconomic Compliance |

More information on the Group's efforts on sustainability management in the FY2019 can be found in the 2019 Sustainability Report of Sunrise Shares Holdings Ltd.

# CORPORATE GOVERNANCE REPORT

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

This corporate governance report outlines the Group’s corporate governance structure and practices that were in place during the financial year ended 31 December (“**FY**”) 2019, with specific reference made to the principles of the Code pursuant to Rule 710 of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalyst (“**Catalist Rules**”). The Board confirms that the Group has complied substantially with the principles and guidelines of the Code for FY2019. Where there are deviations from the Code, appropriate explanations have been provided.

## (A) BOARD MATTERS

### BOARD’S CONDUCT OF ITS AFFAIRS

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

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

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

The principal functions of the Board are:

- provide entrepreneurial leadership and approve the Board’s policies and set strategic objectives of the Company;
- ensure that necessary financial and human resources are in place for the Company to meet its objectives;
- oversee the processes for evaluating the adequacy and effectiveness of internal controls (including financial, operational, compliance and information technology controls) and risk management systems;
- review and approve the appointment of Directors proposed by the Nominating Committee;
- appointment and removal of the Company Secretary, internal and external auditors and key management staff;
- assume responsibility for corporate governance;
- review and monitor the performance of the Management;
- review and approve interim and annual financial statements of the Company and the Group;
- declaration of interim dividends and proposal of final dividends to Shareholders; and
- set the Company’s values and standards, and ensure that obligations to Shareholders are understood and met.

## CORPORATE GOVERNANCE REPORT

The Board also monitors and evaluates the Group's operations and financial performance, sets targets and goals, works with and monitors the Management in achieving such targets and goals. The Board holds the Management accountable for performance. The Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the company. Directors facing conflicts of interest will recuse themselves from meetings discussions and decisions involving the issues of conflict. The Directors would also abstain from voting on such issues of conflict.

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

The table below sets out the number of Board and Board Committee meetings held during FY2019 and the attendance of each Director at these meetings:

|                                     | <b>Board</b>                    | <b>Audit Committee</b> | <b>Nominating Committee</b> | <b>Remuneration Committee</b> | <b>Annual General Meeting</b> |
|-------------------------------------|---------------------------------|------------------------|-----------------------------|-------------------------------|-------------------------------|
| No. of meetings held                | 2                               | 2                      | 1                           | 1                             | 1                             |
| <b>Name of Directors</b>            | <b>No. of Meetings attended</b> |                        |                             |                               |                               |
| Wong Siu Fai <sup>(1)</sup>         | N/A                             | N/A                    | N/A                         | N/A                           | N/A                           |
| Zhang Zhi Liang <sup>(2)</sup>      | 2                               | 2*                     | 1*                          | 1*                            | 1                             |
| Huang Anna Yi <sup>(3)</sup>        | 2                               | 2                      | 1*                          | 1                             | —                             |
| Ng Clarence Kar Lung <sup>(4)</sup> | 1                               | 1*                     | 1                           | 1*                            | 1                             |
| Zheng Aimin                         | 2                               | 2                      | 1                           | 1                             | 1                             |
| Tang An                             | 2                               | 2                      | 1                           | 1                             | 1                             |
| Wang Ziquan <sup>(5)</sup>          | 2                               | 2*                     | 1*                          | 1*                            | 1                             |

\* By invitation

### Notes:

- (1) Mr Wong Siu Fai was appointed as Executive Director with effect from 13 September 2019 and re-designated as the Chairman of the Company on 13 November 2019.
- (2) Mr Zhang Zhi Liang resigned as the Chief Executive Officer and Executive Director of the Company with effect from 1 October 2019.
- (3) Ms Huang Anna Yi resigned as a Non-Independent and Non-Executive Director of the Company and a member of the AC, NC and the RC with effect from 23 April 2020.
- (4) Mr Ng Clarence Kar Lung resigned as an Executive Director of the Company and a member of the NC with effect from 19 July 2019.
- (5) Mr Wang Ziquan was appointed as an Independent and Non-Executive Director of the Company with effect from 11 February 2019.

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

## CORPORATE GOVERNANCE REPORT

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

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

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

Directors are also encouraged to attend workshops and seminars to enhance their skills and knowledge, which will be funded by the Company. Regular training, particularly on risk management, corporate governance and key changes in the relevant regulatory requirements and financial reporting standards, will be arranged and funded by the Company for all Directors, from time to time.

Newly-appointed Directors will receive appropriate orientation and briefings on director's duties, responsibilities, disclosure duties and statutory obligations. Newly appointed Directors will also be briefed by the Management on the business activities of the Group, strategic directions, governance policies, policies on disclosure of interests in securities, the rules relating to disclosure of any conflict of interest in a transaction involving the Company, prohibitions in dealing in the Company's securities and restrictions on disclosure of price sensitive information. In addition, they are also given 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. In accordance with Rule 406(3)(a) of the Catalist Rules, newly appointed Directors who do not have prior experience as a director of a public listed company in Singapore will be required to attend the prescribed training programmes set out in Practice Note 4D of the Catalist Rules within one (1) year from the date of their appointment to the Board, as well as any other relevant courses in areas such as accounting, legal and industry specific knowledge, where appropriate, in connection with their duties as Directors of the Company. The cost for attending such trainings will be borne by the Company. A formal letter of appointment will be furnished to every Director upon his/her appointment explaining, among other matters, his/her roles, obligations, duties and responsibilities as a member of the Board.

During FY2019, Mr Wang Ziquan ("**Mr Wang**") was appointed as an Independent and Non-Executive Director of the Company with effect from 11 February 2019. Mr Wang had attended trainings conducted by the Singapore Institute of Directors ("**SID**"), arranged by the Company in 2019 which covered the following topics:

- (a) the duties and responsibilities of Directors;
- (b) continuing listing and disclosure obligations under the Catalist Rules;
- (c) the Code;
- (d) the Singapore Code on Take-over and Mergers; and
- (e) sustainability reporting.

Mr Wong Siu Fai ("**Mr Wong**") was appointed as an Executive Director of the Company with effect from 13 September 2019. Pursuant to Rule 406(3)(a) of the Catalist Rules, Mr Wong will be attending the Listed Entity Director Programme to be conducted by SID in July 2020 on the prescribed training programmes set out in Practice Note 4D of the Catalist Rules within one (1) year from the date of his appointment to the Board.

## CORPORATE GOVERNANCE REPORT

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 Management or the Company Secretary will make the necessary arrangements for the briefings, informal discussions or explanations required.

All directors have separate and independent access to the Management and the Company Secretary at all times through email, telephone and face-to-face meetings. The role of the Company Secretary, the appointment and removal of whom is a matter for the Board to decide, includes ensuring that Board procedures are followed; applicable rules and regulations are complied with, ensuring good information flow within the Board and its committees and between senior management and Non-Executive Directors, facilitating the Directors' orientation programme, and assisting with professional developments as required. Any additional materials or information requested by the directors to make informed decisions is promptly furnished. Under the direction of the Chairman, the Company Secretary ensures timely and good information flows within the Board and its Board Committees and between the Management and independent directors. The Company Secretary and/or her representative administer, attend and prepare the minutes of all Board and Board Committee meetings.

The Directors have separate and independent access to the Management and the Company Secretary. The appointment and the removal of the Company Secretary are subject to the approval of the Board as a whole.

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

### BOARD COMPOSITION AND GUIDANCE

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

As at the date of this report, the Board comprises four (4) Directors, three (3) of whom are Independent Directors (including the respective Chairmen of the Board Committees), details as set out below:

| Name of Directors | Board                           | Board Committee Membership |          |          |
|-------------------|---------------------------------|----------------------------|----------|----------|
|                   |                                 | AC                         | NC       | RC       |
| Wong Siu Fai      | Chairman and Executive Director | –                          | –        | –        |
| Zheng Aimin       | Lead Independent Director       | Member                     | Chairman | Chairman |
| Tang An           | Independent Director            | Chairman                   | Member   | Member   |
| Wang Ziquan       | Independent Director            | –                          | –        | –        |

There is presently a strong and independent element on the Board with Independent Directors constituting majority of the Board. The criteria of independence are determined based on the definition as provided in the Code. 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, including immediate family relationships) with other Directors, 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.

## CORPORATE GOVERNANCE REPORT

There is no Independent Director who has served on the Board beyond nine (9) years from the date of his first appointment. In consideration of Rule 406(3)(d) of the Catalist Rules, none of the Independent Director has been employed by the Company or any of its related corporations for the current or any of the past three (3) financial years, and none of the Independent Director has an immediate family who is employed or has been employed by the Company or any of its related corporations for the past three (3) financial years, and whose remuneration is determined by the RC.

The Board, via the NC, has reviewed its size and composition, and is of the view that, after taking into account the scope and nature of operations of the Group in the financial year under review, the current Board size is appropriate, effective and adequate, and is able to meet the Company's existing scope of needs, nature of the operations and facilitate effective decision-making, and that no individual or small group of individuals dominates the Board's decision-making process. The composition of the Board is reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience.

Ms Huang Anna Yi ("**Ms Huang**") resigned as a Non-Independent and Non-Executive Director of the Company and a member of the AC, NC and the RC with effect from 23 April 2020. In view of Ms Huang's resignation, the Company is aware that it does not comply with Rule 704(7) of the Catalist Rules and the Companies Act, Chapter 50 of Singapore ("**Companies Act**"), where the AC of the Company should consist of a minimum number of three (3) members. The Company will endeavour to fill the vacancy within two (2) months, but in any case, no later than three (3) months. The Company will also endeavour to fill the vacancies in the NC and RC as soon as possible.

The Independent Directors are respected individuals from different backgrounds whose core competencies, qualifications, skills and experience are extensive and complementary. The Company does not have a board diversity policy, however the Board comprises individuals who have experience in accounting, finance, business, management, industry knowledge and strategic planning experience. The Board conducts an annual review to assess if the existing attributes and core competencies of the Board are complementary and contributes to the efficacy of the Board. This enables the Board to maintain or enhance balance and diversity within the Board. The NC is of the view that the current Board comprises persons who as a group provide a diverse mix of capabilities such as skills, experience and knowledge required for the Board to be effective and to enable the Board to make decisions in the best interest of the Company.

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

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

The Independent Non-Executive Directors have met without the presence of the Management in FY2019. The chairman of such meetings provides feedback to the Board and/or Chairman as appropriate.

# CORPORATE GOVERNANCE REPORT

## CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

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

As the Executive Chairman, Mr Wong, is responsible for overseeing the Board and, together with the AC, ensures the integrity and effectiveness of the governance process of the Board. He leads the Board for discussions and ensures that Board meetings are convened when necessary. In addition, the Chairman of the Board 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 the Independent Directors in particular. The Chairman of the Board chairs the annual general meetings of the Company ("**AGM**"), and ensures constructive communication between Shareholders, the Board and Management.

Subsequent to the resignation of the CEO, Mr Zhang Zhi Liang with effect from 1 October 2019, the management and the operation of the Group will continue under the management of Mr Wong and the senior management of the Group, while the Company searches for a suitable replacement for the CEO.

As the Chairman of the Board is not independent, the Company has appointed Mr Zheng Aimin as the Lead Independent Director with effect from 13 November 2019 to provide leadership in situations where the Chairman is conflicted. 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.

The Independent Directors collectively are and will continue to make themselves available to Shareholders to address their concerns (if any). The Independent Directors will meet periodically (in the absence of the Executive Directors and Management), where necessary, and will provide feedback to the Chairman after such meetings.

## BOARD MEMBERSHIP

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

## NOMINATING COMMITTEE

The NC comprises the following members:

|                |                                                                 |
|----------------|-----------------------------------------------------------------|
| Mr Zheng Aimin | (Chairman of the NC and Lead Independent Director of the Board) |
| Mr Tang An     | (Independent Director)                                          |

## CORPORATE GOVERNANCE REPORT

The terms of reference set out clearly the principal responsibilities of the NC which are as follows:

- identify suitable candidates and review all nominations for appointment and re-appointment of Directors;
- conduct annual reviews of the composition, structure and size of the Board;
- review the independence of the Directors annually in accordance with Guidelines 2.1 of the Code;
- determine whether or not a Director is able to and has been adequately carrying out his duties as a Director of the Company;
- evaluate the performance and effectiveness of the Board as a whole and the contribution of each Director;
- review the board succession plans for the Directors, in particular, the Chairman, the CEO and key management; and
- review the training and professional development programmes for the Board.

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

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

The NC reviews annually the independence declaration made by the Independent Directors based on the criterion of independence under the guidelines provided in the Code. For FY2019, the NC is of the view that the Independent Directors are independent (as defined in the Code) and are able to exercise judgment on the corporate affairs of the Group independent of the Management. The Independent Directors have confirmed that they do not have any relationship with the Company or its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgement with a view to the best interests of the Company.

The Board does not limit the maximum number of listed company board representation the Directors may hold as long as each of the Directors is able to commit his/her 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/she is able to devote sufficient time and attention to discharge his/her duties and responsibilities as a Director of the Company, bearing in mind his/her other commitments. For Directors who have board representations in other listed companies and other principal commitments, the NC has reviewed the work and other commitments of such Directors and assessed their ability to diligently discharge their Board responsibilities. The NC is satisfied that the Directors are able to commit sufficient time, effort and attention to the affairs of the Group. The NC is of the view that fixing a limit on the number of such board representations is not meaningful in the context of the Group. The Board has accepted and affirmed the view of the NC. The NC and the Board will review the requirement to determine the maximum number of listed Board representations as and when it deems fit.

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

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

## CORPORATE GOVERNANCE REPORT

With effect from 1 January 2019, pursuant to Rule 720(4) of the Catalist Rules, all Directors, including Executive Directors, must submit themselves for re-nomination and re-appointment at least once every three (3) years. Within three (3) years of 1 January 2019, a Director appointed or re-appointed before 1 January 2019 must submit himself for re-nomination and re-appointment to the Board at a general meeting no later than 31 December 2021.

The NC has recommended, and the Board has agreed that Mr Zheng Aimin be nominated for re-election at the forthcoming AGM pursuant to Regulation 91 of the Company's Constitution, whereas Mr Wong Siu Fai will retire pursuant to Regulation 97 of the Company's Constitution (collectively, the **"Retiring Directors"**). The Retiring Directors have offered themselves for re-election at the forthcoming AGM. Each member of the NC shall abstain from voting, approving or making a recommendation on any resolution of the NC in which he/she has a conflict of interest in the subject matter under consideration. In its deliberations on the re-election and re-appointment of existing Directors, the NC takes into consideration the relevant Director's competency, commitment, contribution and performance (including, if applicable, his/her contribution and performance as a Director). The assessment parameters include attendance record, preparedness, intensity of participation and candour at meetings of the Board and Board Committees as well as the quality of input and contributions.

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

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

| Name of Director | Board appointment               | Date of first appointment | Date of last re-election                                | Directorship or Chairmanship both present and held over the preceding three (3) years in other listed companies |
|------------------|---------------------------------|---------------------------|---------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|
| Wong Siu Fai     | Chairman and Executive Director | 13 September 2019         | N/A                                                     | <u>Present Directorship or Chairmanship</u><br>None<br><u>Past Directorship or Chairmanship</u><br>None         |
| Zheng Aimin      | Lead Independent Director       | 9 September 2016          | 26 April 2017 (To be re-elected at the forthcoming AGM) | <u>Present Directorship or Chairmanship</u><br>None<br><u>Past Directorship or Chairmanship</u><br>None         |
| Tang An          | Independent and Non-Executive   | 9 September 2016          | 30 April 2019                                           | <u>Present Directorship or Chairmanship</u><br>None<br><u>Past Directorship or Chairmanship</u><br>None         |
| Wang Ziquan      | Independent and Non-Executive   | 11 February 2019          | 30 April 2019                                           | <u>Present Directorship or Chairmanship</u><br>None<br><u>Past Directorship or Chairmanship</u><br>None         |

# CORPORATE GOVERNANCE REPORT

## BOARD PERFORMANCE

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

The NC has adopted a formal process to assess the effectiveness of the Board and Board Committees as a whole, as well as the performance of each individual Director. The qualitative measures include the effectiveness of the Board in its monitoring role and the attainment of strategic objectives set by the Board.

The assessment of the Board, Board Committees and the Directors are carried out once every financial year. Each member of the NC is required to abstain from voting on any resolution in respect of the assessment of his or her performance or re-nomination as a Director. 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 Forms are collated for the NC's for review and deliberation. The NC will then present the results, conclusions and its recommendations to the Board. The NC focuses on a set of performance criteria which includes the evaluation of the size and composition of the Board, the Board's access to information, Board processes and accountability, Board performance in relation to discharging its principal responsibilities and the Directors' standards of conduct in assessing the Board's performance as a whole.

The NC, having reviewed the overall performance of the Board and the Board Committees, as well as the assessment of each individual Director, in terms of its/his/her role and responsibilities and the conduct of its/his/her affairs as a whole for FY2019, is of the view that the effectiveness of the Board as a whole, the Board Committees and the contribution by each Director has been satisfactory. The NC is satisfied that sufficient time and attention has been given to the Group by the Directors. No external facilitator was used during the evaluation process.

# CORPORATE GOVERNANCE REPORT

## REMUNERATION MATTERS

### PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

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

### REMUNERATION COMMITTEE

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

The RC comprises two (2) directors, all of them are Independent Directors.

The responsibilities of the RC are to:

- make recommendations to the Board on matters relating to remuneration, including but not limited to fees, salaries, allowances, bonuses, options and benefits-in-kind of Directors and key management personnel;
- review the appropriateness of remuneration of Directors and key management personnel;
- review and recommend to the Board, the terms of service agreements of Directors and key management personnel; and
- review and recommend annually the total remuneration to the Directors and key management personnel.

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

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

The RC has full authority to engage any external professional to advise on matters relating to remuneration as and when the need arises, and the expense of such services shall be borne by the Company. For FY2019, the RC did not seek any external professional advice on remuneration of the Directors.

All recommendations of the RC will be submitted for endorsement by the entire Board. 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.

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 ensure that all such aspects of remuneration are fair and avoid rewarding poor performance.

# CORPORATE GOVERNANCE REPORT

## LEVEL AND MIX OF REMUNERATION

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

Independent Directors are paid Directors' fees appropriate to their level of contribution to the Board, taking into account factors such as effort and time spent, responsibilities of the Directors and the need to pay competitive fees to attract, retain and motivate Directors. The Independent Directors shall not be overcompensated to the extent that their independence may be compromised.

The Directors' fees are proposed by the RC and recommended by the Board for Shareholders' approval at the AGM of the Company. Directors' fees of S\$160,000 for FY2018 had been approved by Shareholders at the last AGM held on 30 April 2019. Directors' fees of S\$160,000 for FY2019 have been recommended by the Board and will be subject to the approval of Shareholders at the forthcoming AGM of the Company. No Director is involved in deciding his or her own remuneration.

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

The Company does not use contractual provisions to allow the Company to reclaim incentive components of remuneration from 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 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.**

A breakdown showing the level and mix of each Directors' remuneration for FY2019 is as follows:

| Name of Directors                                  | Salary (%) | Directors' Fee (%) | Variable Bonus (%) | Allowances (%) | Total (%) |
|----------------------------------------------------|------------|--------------------|--------------------|----------------|-----------|
| <b>S\$250,000 and below</b>                        |            |                    |                    |                |           |
| Wong Siu Fai<br>(appointed on 13 September 2019)   | –          | –                  | –                  | –              | –         |
| Zhang Zhi Liang<br>(resigned on 1 October 2019)    | 100        | –                  | –                  | –              | 100       |
| Ng Clarence Kar Lung<br>(resigned on 19 July 2019) | 100        | –                  | –                  | –              | 100       |
| Huang Anna Yi<br>(resigned on 23 April 2020)       | –          | 100                | –                  | –              | 100       |
| Zheng Aimin                                        | –          | 100                | –                  | –              | 100       |
| Tang An                                            | –          | 100                | –                  | –              | 100       |
| Wang Ziquan<br>(appointed on 11 February 2019)     | –          | 100                | –                  | –              | 100       |
| Chew Vincent<br>(resigned on 1 February 2019)      | –          | 100                | –                  | –              | 100       |

## CORPORATE GOVERNANCE REPORT

In FY2019, the remuneration of the key management personnel (who are not Directors or the CEO) in the bands of S\$250,000 is set out below:

| Key Management Personnel <sup>(1)</sup> | Salary <sup>(2)</sup><br>(%) | Variable<br>Bonus (%) | Allowances<br>(%) | Benefits-in-kind (%) | Total<br>(%) |
|-----------------------------------------|------------------------------|-----------------------|-------------------|----------------------|--------------|
| <b>S\$250,000 and below</b>             |                              |                       |                   |                      |              |
| Chan Hing Yin                           | 100                          | –                     | –                 | –                    | 100          |
| Huang Angela On Yee                     | 100                          | –                     | –                 | –                    | 100          |
| Huang Rui                               | 100                          | –                     | –                 | –                    | 100          |

**Notes:**

(1) The Group only had three (3) key management personnel (who are not Directors or the CEO) in FY2019.

(2) Amount inclusive of contribution to central provident funds.

In view of the confidentiality of remuneration matters and possible negative impact on the Group's business interest, the Board, on review, has decided not to disclose the exact remuneration of each Director and the CEO and that the disclosure made based on the above remuneration bands is appropriate.

For FY2019, the aggregate total remuneration paid to the abovementioned top three (3) key management personnel amounted to S\$176,000. There were no terminations, retirement or post-employment benefits granted to Directors and relevant key management personnel other than the standard contractual notice period and termination payment in lieu of service in FY2019.

The remuneration package of each of the Executive Director and the key management personnel comprises a basic salary component and a variable component which is the annual bonus, based on the performance of the Group as a whole and their individual performance. The performance-related component of the remuneration package is designed to align the interests of the Executive Directors and the key management personnel with those of Shareholders and link rewards to the Group's financial performance. Service agreements for the Executive Director and the key management personnel are for a fixed appointment period and do not contain onerous removal clauses. The RC reviews the fairness and reasonableness of the termination clauses contain in the service agreements of the Executive Directors and the key management personnel to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous, with an aim to be fair and avoid rewarding poor performance.

### Immediate Family Member of Directors or CEO or Substantial Shareholders

Ms Angela Huang is the daughter of Mr Wong, while Mr Huang Rui is the nephew of Mr Wong. There were no employees, including Ms Angela Huang and Mr Wong, who are immediate family members of a Director or the CEO whose remuneration exceeded S\$100,000 during FY2019.

The Company has not adopted any employee share option scheme or performance share plan.

# CORPORATE GOVERNANCE REPORT

## ACCOUNTABILITY AND AUDIT

### Risk management and internal controls

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

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

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

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

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

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 regularly all significant control policies and procedures, and highlights all significant matters to the Board and the AC.

It is the opinion of the Board, with the concurrence of the AC, that the system of risk management and internal controls in place are adequate and effective in addressing the risks relating to financial, operational, compliance and information technology for FY2019. 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.

## CORPORATE GOVERNANCE REPORT

The AC has reviewed the independence, adequacy and effectiveness of the internal audit function, as well as the adequacy and effectiveness of the internal controls (including financial, operational, compliance and information technology controls) and risk management systems for the financial year under review, through discussions with the internal auditors 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 and external auditors and reviews performed by the Management, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective as at 31 December 2019. The AC is satisfied that the internal audit function in FY2019 is independent, effective, adequately resourced and has the appropriate standing within the Group.

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

### AUDIT COMMITTEE

***Principle 10: The Board has an Audit Committee ("AC") which discharges its duties objectively.***

The AC comprises two (2) members, all of whom, including the AC Chairman are Independent Directors. All of the members of the AC are Independent Directors. The AC comprises:

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

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.

The AC has been entrusted with the following functions:

- review at least annually the audit plans, evaluation of the system of internal controls, risk management systems, audit report and management letter of the external auditors, and to ensure the adequacy and effectiveness of the Group's system of accounting controls;
- review of the financial statements before submission to the Board for the release of announcements, financial reporting issues and judgments to ensure the integrity of the Company's financial statements and any other announcements relating to the Company's financial performance;
- review the assurance from the CEO and the CFO on the financial records and financial statements;
- review the adequacy, effectiveness, independence, scope and results of the external audit and the internal audit function and ensuring co-ordination between the internal auditor, external auditors and the Management;
- review the co-operation given by the Company's officers to the external auditors;
- review legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programs, and reports received from the regulators;
- review the cost effectiveness, independence and objectivity of the external auditors;

## CORPORATE GOVERNANCE REPORT

- review the nature and extent of non-audit services, if any, provided by the external auditors to ensure independence of the external auditors;
- make recommendations to the Board on the proposals to the Shareholders on the appointment and removal of external auditors, nominate the reappointment of external auditors and approve their remuneration and terms of engagement;
- reviewing the policy and arrangement for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately to be followed up on;
- ensures the Company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns;
- reviewing and ratifying all interested person transactions falling within the scope of Chapter 9 of the Catalyst Rules to ensure that they complied with the approved internal control procedures and had been conducted at arm's length basis; and

The AC has reviewed and is satisfied with the level of co-operation rendered by the Management to the external auditors, the adequacy of scope and quality of their audits, and the independence and objectivity of the external auditors.

The AC will meet with the external auditors and internal auditors without the presence of the Management, at least once annually, and as and when necessary, to review the adequacy of audit arrangement, with emphasis on the scope and quality of their audit, the independence, objectivity and observations of the external auditors and internal auditors. The AC has met with the external auditors and internal auditors, without the presence of the Management during FY2019.

Annually, the AC will also conduct a review of the independence and objectivity of the external auditors through discussions with the external auditors. A breakdown of the audit fees paid to the Company's auditors is disclosed in note 7 of the financial statements in this Annual Report. The aggregate amount of fees paid or payable by the Group to the external auditors, Baker Tilly LLP and their Independent Member Firms for FY2019 amounted to S\$45,000 and \$25,090 respectively for audit services. There were no non-audit services fees paid to the external auditors in FY2019 and accordingly, the AC is satisfied with the independence and objectivity of the external auditors.

The AC is satisfied that the external auditors of the Company, Baker Tilly LLP, an auditing firm registered with ACRA, are independent and that they had also provided a confirmation of their independence to the AC. The AC had assessed the external auditors of the Company based on factors such as performance, adequacy of resources and experience of their audit engagement partners and audit team assigned to the Group's audit as well as the size and complexity of the Group. The AC has also taken into consideration the Audit Quality Indicators Disclosure Framework published by ACRA in assessing the external auditors of the Company. For FY2019, the Company confirms that it is in compliance with Rules 712 and 715 of the Catalyst Rules in relation to the appointment of audit firms for the Group. No former partner or director of the Company's existing auditing firm or auditing corporation: (a) within a period of two (2) years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation, has acted as a member of the AC.

Accordingly, the AC is satisfied with the independence and objectivity of the external auditors and has recommended to the Board the re-appointment of Messrs Baker Tilly LLP as the external auditors of the Company at the forthcoming AGM.

## CORPORATE GOVERNANCE REPORT

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

The 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 whistle-blowing policy. Where a complaint has been made, a report will be submitted to the AC for investigation and follow-up. No whistle-blowing reports were received in FY2019.

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

The Company has outsourced its internal audit function to Crowe Horwath First Trust Risk Advisory Pte Ltd (“**Internal Auditors**” or “**Crowe Horwath**”). The Internal Auditors reports directly to the AC and will propose recommendations to enhance the Group’s internal controls and to resolve any instances of inadequate internal control processes. The Internal Auditors is a member of the Institute of Internal Auditors Singapore (“**IIA**”). Crowe Horwath is a professional service firm with more than 1,000 experienced risk practitioners with geographic, functional and industry expertise. Its practice areas include , among others, risk management and internal audit. At present, the Singapore office provides internal audit, and enterprise risk management, and sustainability reporting services to 32 publicly listed corporations in Singapore. The internal audit work carried out is guided by the International Standards for Professional Practice of Internal Auditing (IIA Standards) laid down in the International Professional Practices Framework issued by the IIA. The AC approves the hiring, removal, evaluation and compensation of the Internal Auditors.

The Internal Auditors plan their audit schedules in consultation with, but independent of, the Management. The internal audit plan is submitted to the AC for approval prior to implementation. The AC reviews the activities of the Internal Auditors, and meets with the Internal Auditors at least once a year to approve their plans and to review their report prior to the reporting period. The AC will review annually the independence, adequacy and effectiveness of the internal audit function. The Internal Auditors were appointed to review on a regular basis, and in accordance with the Standards for the Professional Practice of Internal Auditing laid down by the International Professional Practices Framework issued by the Institute of Internal Auditors, the internal controls of the Group addressing financial, operational, compliance and information technology controls. The internal audit review is led by Mr. Chia Shu Siang, a Certified Internal Auditor by the Institute of Internal Auditors Singapore, with more than 18 years of industry experience in providing financial assurance and risk consulting services to companies ranging from multinationals, public listed companies and government corporations.

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

# CORPORATE GOVERNANCE REPORT

## SHAREHOLDER RIGHTS AND ENGAGEMENT

### Shareholder Rights and Conduct of General Meetings

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

In line with continuous obligations of the Company under the Catalyst Rules and the Companies Act, the Board's policy is that all Shareholders have equal standing and on a timely basis be informed of all major developments that impact the Group via SGXNet.

Shareholders are informed of general meetings through announcements released on the SGXNet and notices contained in the annual reports 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 provided the opportunity to participate effectively in the general meetings and vote at general meetings. If any shareholder is unable to attend, he/she is allowed to appoint up to two (2) proxies to vote on his/her behalf at the general meeting through proxy forms sent in advance.

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. All the resolutions at the general meetings are single item resolutions.

All Directors, including the Chairman of the Board and the respective chairpersons of the Board Committees, are present and available to address questions at the general meetings. The external auditors are also present to address shareholders' queries about the conduct of audit and the preparation of the auditors' report. The attendance of the Directors at the general meetings held during the financial year is disclosed in the Company's Annual Report.

On 3 January 2016, the legislation was amended, among other things to allow certain members, defined as "**Relevant Intermediary**" to attend and participate in general meetings without being constrained by the two-proxy requirement. Relevant Intermediary includes corporations holding licenses in providing nominee and custodial services and CPF Board which purchases shares on behalf of the Central Provident Fund ("**CPF**") investors. With this amended legislation, the Company allows Relevant Intermediaries to appoint more than two (2) proxies to attend the Company's general meetings.

The AGM for FY2019 ("**FY2019 AGM**") will be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "**Order**"), and as amended by COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) (Amendment No. 2) Order 2020.

Pursuant to the Order, the Company will implement alternative arrangements relating to attendance at the FY2019 AGM by electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or audio-only means), submission of questions to the Chairman of the FY2019 AGM in advance of the FY2019 AGM, addressing of substantial and relevant questions and voting by appointing the Chairman of the FY2019 AGM as proxy at the AGM.

Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the FY2019 AGM in person. Members may watch the FY2019 AGM proceedings through a live webcast using their computers, tablets or mobile phones or listen to the FY2019 AGM proceedings using their phones. The live webcast can be accessed through an online platform that will be provided to registered and authenticated members on the day before the FY2019 AGM, and the audio-only means can be accessed through a telephone number that will be provided to registered and authenticated members on the day before the FY2019 AGM.

## CORPORATE GOVERNANCE REPORT

A member who wishes to raise any matters at the FY2019 AGM would be able to do so by submitting such matters or any questions related to the FY2019 AGM via email to the Company.

The Company will publish the minutes of the FY2019 AGM within one (1) month after the FY2019 AGM on SGXNET as well as the Company's corporate website.

### Engagement with Shareholders

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

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

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

- annual reports that are prepared and sent to all Shareholders. The Board ensures that annual reports include all relevant material information about the Company and the Group, including future developments and other disclosures required by the Companies Act and Singapore Financial Reporting Standards (International);
- half year and full year financial results announcements containing a summary of the financial information and affairs of the Group for the relevant period; and
- notices of explanatory memoranda for AGMs and Extraordinary General Meetings ("EGM").

The notices of AGMs and EGMs are also advertised in a national newspaper.

The Company does not have a dedicated investor relations policy, however it has in place various policies and procedures to allow for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders. Shareholders can access the information on the Group through the Company's website at <http://sunriseshares.com/>. Shareholders can also contact the Company to voice their concerns or reach out to us directly via email at [sunriseshares@126.com](mailto:sunriseshares@126.com) or mail to the Company office at 3 Church Street, #08-833 Samsung Hub, Singapore 049483.

The Company does not practice selective disclosure. Price sensitive information is first publicly released through SGXNet, before the Company meets with any investors or analysts. All Shareholders will receive a copy of the notice of general meetings by post and the notice of general meetings is published in the newspaper within the mandatory period. Shareholders are given opportunities to express their views and ask the Board and management questions regarding the operations of the Company at any general meetings of the Company.

The Company does not have a formal dividend policy at present. The form, frequency and amount of dividends declared each year will take into consideration the Group's profit growth, cash position, positive cash flow generated from operations, projected capital requirements for business growth and other factors as the Board may deem appropriate. The Board is not recommending any dividend distribution to Shareholders in FY2019 on the basis that the Group has just reported a small profit in its continuing operations for FY2019, but in an overall net loss position due to its discontinued operations and thus intends to reserve its cash for operating activities as well as business expansion.

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

## CORPORATE GOVERNANCE REPORT

to raise issues, either informally or formally before or during the general meetings. The Company's Constitution does not provide the provision to allow for absentia voting at the general meetings as the integrity of the information and authentication of the identity of Shareholders and other related security issues remain as a concern to the Company.

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

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

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

### Engagement with Stakeholders

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

The Company has undertaken the process in identifying its stakeholders and material aspects relevant to the Group's business. The interests and requirements of key stakeholders are also taken into account when formulating corporate strategies. The key stakeholders include, but are not limited to employees, suppliers & service providers, investors & shareholders, customers and regulators. The Company has adopted both formal and informal channels of communication to understand the needs of key stakeholders, and incorporated these into the Company's corporate strategies to achieve mutually beneficial relationships. The Company has disclosed its strategy and key areas of focus in relation to the management of stakeholder relationships in the Company's sustainability report for FY2019, which was released on 29 May 2019 on the SGXNET.

The Company maintains its website at <http://sunriseshares.com/> to communicate and engage with stakeholders. The Company also publishes its sustainability report annually on SGXNET for stakeholders to refer to. On the website, stakeholders can find explanations about our products, the Company Profile, career opportunities, Annual Reports and other information.

### ADDITIONAL INFORMATION

#### DEALING IN SECURITIES

In line with Rule 1204(19) of the Catalist Rules, the Company has procedures in place on dealings in securities, whereby there should be no dealings in the Company's shares by the Company, its Directors and officers during the period commencing one (1) month prior to the announcement of the Company's unaudited half year and full year financial results and ending on the date of the announcement of the relevant results and at any time they are in possession of unpublished material price sensitive information in relation to these securities.

# CORPORATE GOVERNANCE REPORT

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.

## REPORT ON THE USE OF PROCEEDS

### Proceeds from the Disposal

The Company had, on 18 June 2019, completed the Disposal ("**Proceeds from Disposal**"). As at the date of this report, the Proceeds from Disposal has been partially utilised as follows:

|                                        | <b>Amount<br/>(S\$ million)</b> |
|----------------------------------------|---------------------------------|
| <b>Proceeds from Disposal</b>          | <b>1.80</b>                     |
| Less:                                  |                                 |
| Repayment of shareholder loan          | 0.83                            |
| General working capital <sup>(1)</sup> | 0.97                            |
| <b>Balance</b>                         | <b>–</b>                        |

#### **Note:**

(1) Comprised directors' remuneration, staff costs and professional fees.

## 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, and do not prejudice the interests of the Group and its minority Shareholders. Any Director, the CEO and/or controlling shareholder of the Company who is interested in a transaction, will abstain and refrain from deliberating, discussing, making recommendations and approving the transaction.

The Company does not have a general mandate from Shareholders for interested person transactions pursuant to Rule 920 of the Catalist Rules.

In FY2019, there were no interested person transactions entered into between the Company or its subsidiaries and any of its interested persons exceeding S\$100,000.

## MATERIAL CONTRACTS

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

### (I) **NON-SPONSOR FEES**

With effect from 1 October 2019, Novus Corporate Finance Pte. Ltd. ("**Novus**") was appointed as the Company's continuing sponsor in place of ZICO Capital Pte. Ltd. ("**ZICO Capital**"). With reference to Rule 1204(21) of the Catalist Rules, there was no non-sponsor fee paid to Novus from 1 October 2019 to 31 December 2019 and ZICO Capital from 1 January 2019 to 30 September 2019 respectively.

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

Pursuant to Rule 720(5) of the Catalist Rules, the information as set out in Appendix 7F to the Catalist Rules relating to Mr Zheng Aimin and Mr Wong Siu Fai, being the Directors who are retiring in accordance with the Company's Constitution at the forthcoming AGM, is set out below:

| Details                                                                                                                   | Name of Director                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                |
|---------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                           | Wong Siu Fai ("Mr Wong")                                                                                                                                                                                                                                                                                     | Zheng Aimin ("Mr Zheng")                                                                                                                                                                                                                                                                                       |
| Date of Appointment                                                                                                       | 13 September 2019                                                                                                                                                                                                                                                                                            | 9 September 2016                                                                                                                                                                                                                                                                                               |
| Date of last re-appointment (if applicable)                                                                               | Not applicable. To be re-elected at the forthcoming AGM.                                                                                                                                                                                                                                                     | 23 April 2018                                                                                                                                                                                                                                                                                                  |
| Age                                                                                                                       | 60                                                                                                                                                                                                                                                                                                           | 55                                                                                                                                                                                                                                                                                                             |
| Country of principal residence                                                                                            | Hong Kong                                                                                                                                                                                                                                                                                                    | China                                                                                                                                                                                                                                                                                                          |
| The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process) | The re-election of Mr Wong as a Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Mr Wong's qualifications, skills, expertise, past experiences and overall contribution since he was appointed as a Director of the Company. | The re-election of Mr Zheng as a Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Mr Zheng's qualifications, skills, expertise, past experiences and overall contribution since he was appointed as a Director of the Company. |
| Whether appointment is executive, and if so, the area of responsibility                                                   | Yes. Mr Wong is responsible for exploring overseas business opportunities and overseeing the asset management segment of the Group.                                                                                                                                                                          | No.                                                                                                                                                                                                                                                                                                            |
| Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)                                                                     | Executive Director and Chairman                                                                                                                                                                                                                                                                              | Lead Independent Director, Chairman of the Nominating Committee and Remuneration Committee and a member of the Audit Committee.                                                                                                                                                                                |
| Professional qualifications                                                                                               | Nil                                                                                                                                                                                                                                                                                                          | 1. Master of Commerce (Economics)<br>2. Bachelor of Economic Management from Nankai University, China                                                                                                                                                                                                          |

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

| Details                                                                                                                                                                                                                    | Name of Director                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                            | Wong Siu Fai (“Mr Wong”)                                                                                                                                                                                                                                                                                                                                                                                       | Zheng Aimin (“Mr Zheng”)                                                                        |
| Working experience and occupation(s) during the past 10 years                                                                                                                                                              | March 1993 to Current<br>Guangdong Sunrise Group Limited – Senior Adviser                                                                                                                                                                                                                                                                                                                                      | Year 2013 to Current<br>Beijing Dadu Wazao New Materials Technology Holdings Limited – Chairman |
| Shareholding interest in the listed issuer and its subsidiaries                                                                                                                                                            | Mr Wong is the controlling shareholder of the Company. He has direct interest of 45,351,357 shares of the Company, and is deemed interested in 61,012,815 shares of the Company held by Sunrise Wealth Management through his 100% interest in the issued share capital of Sunrise Wealth Management Pte. Ltd..                                                                                                | No                                                                                              |
| Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries | Mr Wong is the controlling shareholder of the Company, and the father of Ms Huang Angela On Yee (Vice President of the Company); and paternal uncle of Mr Huang Rui (Vice President of the Company).                                                                                                                                                                                                           | No                                                                                              |
| Conflict of interest (including any competing business)                                                                                                                                                                    | No                                                                                                                                                                                                                                                                                                                                                                                                             | No                                                                                              |
| Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer                                                                                                               | Yes                                                                                                                                                                                                                                                                                                                                                                                                            | Yes                                                                                             |
| <b>Other Principal Commitments Including Directorships</b>                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                 |
| Past (for the last 5 years)                                                                                                                                                                                                | <ol style="list-style-type: none"> <li>1. Union Gate Limited<br/>August 2014 to August 2018<br/>Director</li> <li>2. H Wealth Management Co. Limited<br/>March 2017 to May 2018<br/>Director</li> <li>3. Wealth Investment &amp; Development Limited<br/>February 2010 to December 2017<br/>Director</li> <li>4. China Channel Technologies Limited<br/>February 2010 to November 2017<br/>Director</li> </ol> | Nil                                                                                             |

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

| Details                                                                   | Name of Director                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                        |
|---------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                           | Wong Siu Fai (“Mr Wong”)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Zheng Aimin (“Mr Zheng”)                                                                                                                                                                                                                                                                               |
| Present                                                                   | <ol style="list-style-type: none"> <li>1. LC International Holdings Pte. Ltd.<br/>June 2017 to Present<br/>Director</li> <li>2. Sunrise Wealth Management Pte. Ltd.<br/>November 2011 to Present<br/>Director</li> <li>3. Hong Kong Sunrise Wealth Management Company Limited<br/>September 2015 to Present<br/>Director</li> <li>4. Hong Kong Sunrise Group Holdings Limited<br/>September 2016 to Present<br/>Director</li> <li>5. Aim Billion Investments Ltd<br/>January 2017 to Present<br/>Director</li> <li>6. Prosperity Luck Overseas Inc.<br/>October 2012 to Present<br/>Director</li> <li>7. Selton International Limited<br/>May 2012 to Present<br/>Director</li> <li>8. Lion City Worldwide Limited<br/>September 2016 to Present<br/>Director</li> <li>9. Sunrise Investment Management Pte. Ltd.<br/>February 2018 to Present<br/>Director</li> <li>10. H Asset Management Co. Limited<br/>July 2017 to Present<br/>Director</li> <li>11. Zhonglin Investment Pte. Ltd.<br/>December 2017 to Present<br/>Director</li> </ol> | <ol style="list-style-type: none"> <li>1. Year 2003 to Year 2011<br/>Beijing Dajing Wazao New Materials Holdings Limited<br/>Chairman and General Manager</li> <li>2. Year 2000 to April 2011<br/>Xiamen Xu Fei Investment Holdings Limited<br/>General Manager, Director and Vice Chairman</li> </ol> |
| <b>The general statutory disclosures of the Directors are as follows:</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                        |
| a.                                                                        | Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | No                                                                                                                                                                                                                                                                                                     |

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

| Details |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Name of Director         |                          |
|---------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|
|         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Wong Siu Fai (“Mr Wong”) | Zheng Aimin (“Mr Zheng”) |
| b.      | Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency? | No                       | No                       |
| c.      | Whether there is any unsatisfied judgment against him?                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | No                       | No                       |
| d.      | Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?                                                                                                                                                                                                                                                                                                                                            | No                       | No                       |
| e.      | Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?                                                                                                                                                                                                                                                                            | No                       | No                       |

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

| Details |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Name of Director         |                          |
|---------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|
|         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Wong Siu Fai (“Mr Wong”) | Zheng Aimin (“Mr Zheng”) |
| f.      | Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part? | No                       | No                       |
| g.      | Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?                                                                                                                                                                                                                                                                                                                                                                                        | No                       | No                       |
| h.      | Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?                                                                                                                                                                                                                                                                                                   | No                       | No                       |
| i.      | Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?                                                                                                                                                                                                                                                                                                                            | No                       | No                       |
| j.      | Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–                                                                                                                                                                                                                                                                                                                                                                                                               |                          |                          |
|         | i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or                                                                                                                                                                                                                                                                                                                                                                                              | No                       | No                       |

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

| Details                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                       | Name of Director                                                                                                           |                                                        |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------|
|                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                       | Wong Siu Fai (“Mr Wong”)                                                                                                   | Zheng Aimin (“Mr Zheng”)                               |
|                                                                                                                                                                                  | ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or                                                                                                                                                          | No                                                                                                                         | No                                                     |
|                                                                                                                                                                                  | iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or                                                                                                                                                                         | No                                                                                                                         | No                                                     |
|                                                                                                                                                                                  | iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,<br><br>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust? | No                                                                                                                         | No                                                     |
| k.                                                                                                                                                                               | Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?                       | No                                                                                                                         | No                                                     |
| <b>Information required Disclosure applicable to the appointment of Director only.</b>                                                                                           |                                                                                                                                                                                                                                                                                                                                       |                                                                                                                            |                                                        |
| Any prior experience as a director of an issuer listed on the Exchange?                                                                                                          |                                                                                                                                                                                                                                                                                                                                       | No                                                                                                                         | Not Applicable<br>This is a re-election of a director. |
| If yes, please provide details of prior experience.                                                                                                                              |                                                                                                                                                                                                                                                                                                                                       | Not Applicable                                                                                                             | Not Applicable                                         |
| If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. |                                                                                                                                                                                                                                                                                                                                       | Mr Wong will attend the Listed Entity Director Programme to be conducted by Singapore Institute of Directors in July 2020. | Not Applicable                                         |

## DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Sunrise Shares Holdings Ltd. (the "Company") and its subsidiaries (the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2019.

In the opinion of the directors:

- (a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 46 to 83 are properly drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International); 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.

### Directors

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

Wong Siu Fai (Appointed on 13 September 2019)  
 Zheng Aimin  
 Tang An  
 Wang Ziquan

### Arrangement to enable directors to acquire benefits

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' interest in shares or debentures

The directors of the Company holding office at the end of the financial year had no interests in the shares and debentures of the Company and related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act except as follows:

|                    | Number of ordinary shares                            |                          |                                                                 |                          |
|--------------------|------------------------------------------------------|--------------------------|-----------------------------------------------------------------|--------------------------|
|                    | Shareholdings registered in the name of the director |                          | Shareholdings in which a director is deemed to have an interest |                          |
|                    | At date of appointment                               | At end of financial year | At date of appointment                                          | At end of financial year |
| <b>The Company</b> |                                                      |                          |                                                                 |                          |
| Wong Siu Fai       | 45,351,537                                           | 45,351,537               | 61,012,815                                                      | 61,012,815               |

The directors' interests in the ordinary shares of the Company as at 21 January 2020 were the same as those as at 31 December 2019.

## DIRECTORS' STATEMENT

### Share options

No option to take up unissued shares of the Company or its subsidiary corporations was granted during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations whether granted before or during the financial year.

There were no unissued shares of Company or its subsidiary corporation under option at the end of the financial year.

### 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 (Lead Independent Director)

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Act. Their functions are detailed in the Report on Corporate Governance.

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

### Independent auditor

The independent auditor, Baker Tilly TFW LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

Wong Siu Fai  
Director

Zheng Aimin  
Director

26 May 2020

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SUNRISE SHARES HOLDINGS LTD.

## Report on the Audit of the Financial Statements

### Opinion

We have audited the accompanying financial statements of Sunrise Shares Holdings Ltd. (the "Company") and its subsidiaries (the "Group") as set out on pages 46 to 83, which comprise the statements of financial position of the Group and of the Company as at 31 December 2019, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") 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 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Matter

The consolidated financial statements of the Group for the financial year ended 31 December 2018 were audited by another independent auditor whose report dated 11 April 2019 expressed an unmodified opinion on those consolidated financial statements.

### 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 year. 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.

### Revenue recognition – Property consultancy and management segment

#### *Description of key audit matter*

Revenue is one of the key elements in the financial statements used as a measure of financial performance of an entity.

Revenue derived from property consultancy fee and management fee totalled \$1,420,567 in the current year. The recognition of these revenue streams is based on the terms of the underlying customer contracts. The revenue arrangements are bespoke to each customer both in terms of their fee structures and the range and/or type of services provided. Management judgement is required in determining when the control of the services underlying the relevant performance obligation has been transferred. As such, the accuracy and occurrence of revenue recognised under such customer contracts is considered a key audit matter.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SUNRISE SHARES HOLDINGS LTD.

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

### **Key Audit Matters (cont'd)**

#### **Revenue recognition – Property consultancy and management segment (cont'd)**

##### *Our procedures to address the key audit matter*

We obtained an understanding of the revenue recognition process, evaluated the design of the relevant internal controls and tested the implementation of these controls. We obtained and read the relevant customer contracts for which revenue has been recognised in the current year and tested all property consultancy and property management fees recognised in the current year against the relevant contractual terms supporting services rendered. We traced all property consultancy and property management fees recognised to cash receipts during and subsequent to end of the financial year. We also assessed the Group's disclosures in respect of the accounting policies on revenue recognition and related notes to the financial statements.

##### **Other Information**

Management is responsible for the other information. The other information comprises the information included in the Annual Report 2019, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. 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 SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

##### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SUNRISE SHARES HOLDINGS LTD.

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, 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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SUNRISE SHARES HOLDINGS LTD.

## **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 auditor's report is Ong Kian Guan.

Baker Tilly TFW LLP  
Public Accountants and  
Chartered Accountants  
Singapore

26 May 2020

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

|                                                                                |      | Group              |             |
|--------------------------------------------------------------------------------|------|--------------------|-------------|
|                                                                                | Note | 2019<br>\$         | 2018<br>\$  |
| <b>Continuing operations</b>                                                   |      |                    |             |
| <b>Revenue</b>                                                                 | 4    | <b>1,420,567</b>   | 4,848,247   |
| Interest income:                                                               |      |                    |             |
| – bank deposits                                                                |      | <b>12,640</b>      | 33,723      |
| – third party                                                                  |      | <b>43,058</b>      | 250,676     |
| <b>Expenses</b>                                                                |      |                    |             |
| Selling and distribution expense                                               |      | <b>(141,774)</b>   | (1,825,344) |
| Administrative expense                                                         |      | <b>(1,209,122)</b> | (1,301,937) |
| <b>Profit before tax</b>                                                       |      | <b>125,369</b>     | 2,005,365   |
| Tax expense                                                                    | 5    | <b>(286,564)</b>   | (754,822)   |
| <b>(Loss)/profit from continuing operations, net of tax</b>                    |      | <b>(161,195)</b>   | 1,250,543   |
| <b>Discontinued operations</b>                                                 |      |                    |             |
| Loss from discontinued operations, net of tax                                  | 6    | <b>(1,065,047)</b> | (5,033,454) |
| <b>Loss for the year</b>                                                       | 7    | <b>(1,226,242)</b> | (3,782,911) |
| <b>Other comprehensive income/(loss):</b>                                      |      |                    |             |
| <i>Item that are or may be reclassified subsequently to profit or loss:</i>    |      |                    |             |
| Currency translation differences arising on consolidation                      |      | <b>(131,554)</b>   | (96,133)    |
| Reclassification of currency translation reserve upon disposal of subsidiaries |      | <b>1,075,402</b>   | –           |
| <b>Other comprehensive income/(loss) for the year, net of tax</b>              |      | <b>943,848</b>     | (96,133)    |
| <b>Total comprehensive loss for the year</b>                                   |      | <b>(282,394)</b>   | (3,879,044) |
| <b>Loss attributable to:</b>                                                   |      |                    |             |
| Equity holders of the Company                                                  |      | <b>(1,226,242)</b> | (3,782,911) |
| <b>Total comprehensive loss attributable to:</b>                               |      |                    |             |
| Equity holders of the Company                                                  |      | <b>(282,394)</b>   | (3,879,044) |
| <b>Loss per share (cents per share) – Basic and diluted</b>                    | 9    | <b>(0.69)</b>      | (2.12)      |
| <b>From continuing operations – Basic and diluted</b>                          | 9    | <b>(0.09)</b>      | 0.70        |
| <b>From discontinued operations – Basic and diluted</b>                        | 9    | <b>(0.60)</b>      | (2.82)      |

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

# STATEMENTS OF FINANCIAL POSITION

AT 31 DECEMBER 2019

|                                                                                 |      | Group            |                  | Company          |                  |
|---------------------------------------------------------------------------------|------|------------------|------------------|------------------|------------------|
|                                                                                 | Note | 2019             | 2018             | 2019             | 2018             |
|                                                                                 |      | \$               | \$               | \$               | \$               |
| <b>ASSETS</b>                                                                   |      |                  |                  |                  |                  |
| <b>Non-current assets</b>                                                       |      |                  |                  |                  |                  |
| Investment in subsidiaries                                                      | 10   | –                | –                | 336,568          | 2,136,568        |
| Deferred tax assets                                                             | 11   | –                | –                | –                | –                |
| Other receivables                                                               | 13   | –                | 1,405,800        | –                | –                |
| <b>Total non-current assets</b>                                                 |      | <b>–</b>         | <b>1,405,800</b> | <b>336,568</b>   | <b>2,136,568</b> |
| <b>Current assets</b>                                                           |      |                  |                  |                  |                  |
| Inventories                                                                     | 12   | –                | –                | –                | –                |
| Trade and other receivables                                                     | 13   | 262,631          | 449,702          | 340,208          | 269,655          |
| Cash and cash equivalents                                                       | 14   | 4,978,794        | 3,642,612        | 924,190          | 91,397           |
|                                                                                 |      | 5,241,425        | 4,092,314        | 1,264,398        | 361,052          |
| Disposal group assets classified as held for sale                               | 6    | –                | 3,698,229        | –                | –                |
| <b>Total current assets</b>                                                     |      | <b>5,241,425</b> | <b>7,790,543</b> | <b>1,264,398</b> | <b>361,052</b>   |
| <b>Total assets</b>                                                             |      | <b>5,241,425</b> | <b>9,196,343</b> | <b>1,600,966</b> | <b>2,497,620</b> |
| <b>EQUITY AND LIABILITIES</b>                                                   |      |                  |                  |                  |                  |
| <b>Equity</b>                                                                   |      |                  |                  |                  |                  |
| Share capital                                                                   | 15   | 24,936,695       | 24,936,695       | 24,936,695       | 24,936,695       |
| Foreign currency translation reserve                                            | 16   | (270,581)        | (1,214,429)      | –                | –                |
| Statutory reserve                                                               | 17   | 301,873          | 301,873          | –                | –                |
| Other reserve                                                                   | 18   | –                | 77,297           | –                | –                |
| Accumulated losses                                                              |      | (20,637,406)     | (19,488,461)     | (24,160,354)     | (23,150,113)     |
| <b>Total equity</b>                                                             |      | <b>4,330,581</b> | <b>4,612,975</b> | <b>776,341</b>   | <b>1,786,582</b> |
| <b>Current liabilities</b>                                                      |      |                  |                  |                  |                  |
| Loan from a related party                                                       | 19   | –                | 330,000          | –                | 330,000          |
| Trade and other payables                                                        | 20   | 837,793          | 1,579,683        | 824,625          | 381,038          |
| Tax payable                                                                     |      | 73,051           | 775,456          | –                | –                |
|                                                                                 |      | 910,844          | 2,685,139        | 824,625          | 711,038          |
| Liabilities directly associated with disposal group classified as held for sale | 6    | –                | 1,898,229        | –                | –                |
| <b>Total liabilities</b>                                                        |      | <b>910,844</b>   | <b>4,583,368</b> | <b>824,625</b>   | <b>711,038</b>   |
| <b>Total equity and liabilities</b>                                             |      | <b>5,241,425</b> | <b>9,196,343</b> | <b>1,600,966</b> | <b>2,497,620</b> |

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

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

|                                                                                | Share<br>capital<br>\$ | Foreign<br>currency<br>translation<br>reserve<br>\$ | Statutory<br>reserve<br>\$ | Other<br>reserve<br>\$ | Accumulated<br>losses<br>\$ | Total<br>equity<br>\$ |
|--------------------------------------------------------------------------------|------------------------|-----------------------------------------------------|----------------------------|------------------------|-----------------------------|-----------------------|
| <b>Group<br/>2019</b>                                                          |                        |                                                     |                            |                        |                             |                       |
| Balance at 1 January 2019                                                      | 24,936,695             | (1,214,429)                                         | 301,873                    | 77,297                 | (19,488,461)                | 4,612,975             |
| Loss for the year                                                              | -                      | -                                                   | -                          | -                      | (1,226,242)                 | (1,226,242)           |
| <i>Other comprehensive income</i>                                              |                        |                                                     |                            |                        |                             |                       |
| Currency translation differences arising on consolidation                      | -                      | (131,554)                                           | -                          | -                      | -                           | (131,554)             |
| Reclassification of currency translation reserve upon disposal of subsidiaries | -                      | 1,075,402                                           | -                          | -                      | -                           | 1,075,402             |
| Total comprehensive income/(loss) for the year                                 | -                      | 943,848                                             | -                          | -                      | (1,226,242)                 | (282,394)             |
| Disposal of subsidiaries                                                       | -                      | -                                                   | -                          | (77,297)               | 77,297                      | -                     |
| <b>Balance at 31 December 2019</b>                                             | <b>24,936,695</b>      | <b>(270,581)</b>                                    | <b>301,873</b>             | <b>-</b>               | <b>(20,637,406)</b>         | <b>4,330,581</b>      |
| <b>2018</b>                                                                    |                        |                                                     |                            |                        |                             |                       |
| Balance as 1 January 2018                                                      | 24,936,695             | (1,118,298)                                         | 87,158                     | 77,297                 | (15,490,835)                | 8,492,017             |
| Loss for the year                                                              | -                      | -                                                   | -                          | -                      | (3,782,911)                 | (3,782,911)           |
| <i>Other comprehensive loss</i>                                                |                        |                                                     |                            |                        |                             |                       |
| Currency translation differences arising on consolidation                      | -                      | (96,131)                                            | -                          | -                      | -                           | (96,131)              |
| Total comprehensive loss for the year                                          | -                      | (96,131)                                            | -                          | -                      | (3,782,911)                 | (3,879,042)           |
| Transfer to statutory reserve                                                  | -                      | -                                                   | 214,715                    | -                      | (214,715)                   | -                     |
| Balance at 31 December 2018                                                    | 24,936,695             | (1,214,429)                                         | 301,873                    | 77,297                 | (19,488,461)                | 4,612,975             |

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

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

|                                                | Share<br>capital<br>\$ | Accumulated<br>losses<br>\$ | Total<br>equity<br>\$ |
|------------------------------------------------|------------------------|-----------------------------|-----------------------|
| <b>Company</b>                                 |                        |                             |                       |
| <b>2019</b>                                    |                        |                             |                       |
| Balance at 1 January 2019                      | 24,936,695             | (23,150,113)                | 1,786,582             |
| Loss and total comprehensive loss for the year | —                      | (1,010,241)                 | (1,010,241)           |
| <b>Balance at 31 December 2019</b>             | <b>24,936,695</b>      | <b>(24,160,354)</b>         | <b>776,341</b>        |
| <b>2018</b>                                    |                        |                             |                       |
| Balance at 1 January 2018                      | 24,936,695             | (17,017,385)                | 7,919,310             |
| Loss and total comprehensive loss for the year | —                      | (6,132,728)                 | (6,132,728)           |
| Balance at 31 December 2018                    | 24,936,695             | (23,150,113)                | 1,786,582             |

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

|                                                               | Note | 2019<br>\$         | 2018<br>\$         |
|---------------------------------------------------------------|------|--------------------|--------------------|
| <b>Cash flows from operating activities</b>                   |      |                    |                    |
| Profit before tax from continuing operations                  |      | 125,369            | 2,005,365          |
| Loss before tax from discontinued operations                  |      | (1,046,025)        | (4,917,825)        |
| Loss before tax, total                                        |      | (920,656)          | (2,912,460)        |
| Adjustments for:                                              |      |                    |                    |
| Depreciation of property, plant and equipment                 |      | –                  | 75,379             |
| Gain on disposal of property, plant and equipment             |      | –                  | (16,476)           |
| Finance income                                                |      | (55,698)           | (246,946)          |
| Impairment loss on trade receivables                          |      | –                  | 258,004            |
| Impairment loss recognised on assets held for sale            |      | –                  | 4,593,510          |
| Write back of allowance for inventory obsolescence            |      | –                  | (16,938)           |
| Property, plant and equipment written off                     |      | –                  | 323                |
| Loss on disposal of discontinued operation                    |      | 1,205,456          | –                  |
| Operating cash flows before working capital changes           |      | 229,102            | 1,734,396          |
| Changes in operating assets and liabilities                   |      |                    |                    |
| Inventories                                                   |      | –                  | 130,061            |
| Trade and other receivables                                   |      | (294,956)          | 910,822            |
| Trade and other payables                                      |      | (1,503,597)        | 935,453            |
| Cash (used in)/generated from operations                      |      | (1,569,451)        | 3,710,732          |
| Income tax paid                                               |      | (832,975)          | (458,706)          |
| <b>Net cash (used in)/generated from operating activities</b> |      | <b>(2,402,426)</b> | <b>3,252,026</b>   |
| <b>Cash flows from investing activities</b>                   |      |                    |                    |
| Net cash flow from disposal of discontinued operation         | 6    | (471,411)          | –                  |
| Purchases of property, plant and equipment                    |      | –                  | (216,898)          |
| Interest received                                             |      | 55,698             | 284,399            |
| Repayment from/(loan to) a third party                        |      | 1,841,400          | (1,383,400)        |
| Proceeds from disposal of property, plant and equipment       |      | –                  | 16,476             |
| <b>Net cash generated from/(used in) investing activities</b> |      | <b>1,425,687</b>   | <b>(1,299,423)</b> |
| <b>Cash flows from financing activities</b>                   |      |                    |                    |
| Repayment of loan from a related party                        |      | (830,000)          | –                  |
| Advance from the subscriber of ordinary shares                |      | 673,335            | –                  |
| Loan from a related party                                     |      | 500,000            | –                  |
| <b>Net cash generated from financing activities</b>           |      | <b>343,335</b>     | <b>–</b>           |
| <b>Net (decrease)/increase in cash and cash equivalents</b>   |      | <b>(633,404)</b>   | <b>1,952,603</b>   |
| Cash and cash equivalents at beginning of the financial year  |      | 5,585,386          | 3,675,516          |
| Effects of exchange rate changes on cash and cash equivalents |      | 26,812             | (42,733)           |
| <b>Cash and cash equivalents at end of the financial year</b> | 14   | <b>4,978,794</b>   | <b>5,585,386</b>   |

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

## 1 CORPORATE INFORMATION

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

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

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 10 to the financial statements.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of preparation

The financial statements are presented in Singapore dollar ("S\$"), which is the Company's functional currency. The financial statements have been prepared in accordance with the provisions of the Companies Act, Chapter 50 and Singapore Financial Reporting Standards (International) ("SFRS(I)"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

#### *Use of estimates and judgements*

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

The areas involving a higher degree of judgement in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial year are disclosed in Note 3 to the financial statements.

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

#### *New and revised standards*

In the current financial year, the Group has adopted all the new and revised SFRS(I) and SFRS(I) Interpretations ("SFRS(I) INT") that are relevant to its operations and effective for the current financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and SFRS(I) INT.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (a) Basis of preparation (cont'd)

#### *New and revised standards (cont'd)*

The adoption of these new and revised SFRS(I) and SFRS(I) INT did not have any material effect on the financial results or position of the Group and the Company except as follows:

#### **SFRS(I) 16 Leases**

SFRS(I) 16 replaces the existing SFRS(I) 1-17: Leases for financial periods beginning 1 January 2019. It reforms lessee accounting by introducing a single lessee accounting model. Lessees are required to recognise all leases on their statement of financial position to reflect their rights to use leased assets (a "right-of-use" asset) and the associated obligations for lease payments (a lease liability), with limited exemptions for short term leases (less than 12 months) and leases of low value items. In addition, the nature of expenses related to those leases will change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge of right-of-use asset and interest expense on lease liability.

The adoption of SFRS(I) 16 did not have significant impact on the Group and Company's financial position and financial results for the financial year ended 31 December 2019.

New standards, amendments to standards and interpretations that have been issued at the end of the reporting date but are not yet effective for the financial year ended 31 December 2019 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company.

### (b) Revenue recognition

#### *Property consultancy and management*

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

#### *Over time*

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (b) Revenue recognition (cont'd)

*Property consultancy and management (cont'd)*

*At a point in time*

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

*Sales of electrical products*

Revenue from distribution of electrical equipment is recognised at a point in time when goods are delivered to the customer and criteria for acceptance (including incoterms and delivery conditions) have been satisfied. Invoices are issued upon delivery of goods and are payable within 30 to 90 days. There is no warranty provided to customers and the customers have no right to return the goods.

*Interest income*

Interest income is recognised using the effective interest method.

### (c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries at the end of the reporting period. Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full.

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are recognised as expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Any excess of the fair value of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree (if any) and the fair value of the Group's previously held equity interest in the acquiree (if any), over the fair value of the net identifiable assets acquired is recorded as goodwill. In instances where the latter amount exceeds the former and the measurement of all amounts has been reviewed, the excess is recognised as gain on bargain purchase in profit or loss on the date of acquisition.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (c) Basis of consolidation (cont'd)

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated income statement, consolidated statement of comprehensive income, statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

For 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, the Group elects on an acquisition-by-acquisition basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the acquiree's net identifiable assets, at the acquisition date. All other non-controlling interests are measured at acquisition-date fair value or, when applicable, on the basis specified in another standard.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and any corresponding gain or loss, if any, is recognised in profit or loss.

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

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

### (d) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's statement of financial position, investments in subsidiaries are accounted for at cost less accumulated impairment losses, if any. On disposal of the investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

### (e) Property, plant and equipment

All items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and any impairment in value. The cost of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (e) Property, plant and equipment (cont'd)

Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

On disposal of a property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

Depreciation is calculated on a straight-line basis to allocate the cost of property, plant and equipment over their expected useful lives. The estimated useful lives are as follows:

|                                | Years                            |
|--------------------------------|----------------------------------|
| 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                          |

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

Property, plant and equipment are classified as disposal group held for sale in 2018. The disposal was completed in 2019 (Note 6).

### (f) Impairment of non-financial assets

At each reporting date, the Group assesses the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A previously recognised impairment loss for an asset other than goodwill is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. A reversal of an impairment loss is recognised immediately in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (g) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis. The cost of finished goods comprises raw materials, direct labour, other direct costs and related production overheads based on normal operating capacity but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

### (h) Leases

*The accounting policy for leases before 1 January 2019 are as follows:*

#### ***When a Group entity is the lessee***

##### *Operating leases*

Leases where a significant portion of the risks and rewards incidental to ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to profit or loss on a straight-line basis over the period of the lease. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

When an operating lease is terminated before the lease period expires, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

*The accounting policy for leases after 1 January 2019 are as follows:*

The Group does not have lease transaction as a director provides rent-free use of his office premises.

### (i) Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised outside profit or loss, either in other comprehensive income or directly in equity in which the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity respectively).

Current tax is the expected tax payable or recoverable on the taxable income for the current year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable or recoverable in respect of previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (i) Income taxes (cont'd)

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on currently enacted or substantively enacted tax rates at the end of the reporting period.

### (j) Financial assets

#### ***Recognition and derecognition***

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition. Transaction costs directly attributable to acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss. Trade receivables without a significant financing component is initially measured at transaction prices.

#### ***Classification and measurement***

All financial assets are subsequently measured in their entirety at amortised cost or fair value, depending on the classification of the financial assets. The Group classifies its financial assets at amortised cost. The classification is based on the Group's business model for managing the financial asset and the contractual cash flow characteristics of the financial assets. The Group reclassifies financial assets when and only when its business model for managing those assets changes.

#### ***Subsequent measurement***

Debt instruments include cash and cash equivalents, trade and other receivables (excluding prepayments).

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (j) Financial assets (cont'd)

#### *Subsequent measurement (cont'd)*

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Interest income from these financial assets is included in interest income using the EIR method.

#### *Impairment*

The Group recognises an allowance for expected credit losses ("ECLs") for financial assets carried at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

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

For trade receivables that do not have a significant financing component, the Group applies a simplified approach to recognise a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted as appropriate for current conditions and forward-looking factors specific to the debtors and the economic environment.

If the Group has measured the loss allowance for a financial asset at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

#### *Offset*

Financial assets and liabilities are offset and the net amount presented on 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.

### (k) Cash and cash equivalents

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (l) Financial liabilities

Financial liabilities include loan from a related party and trade and other payables. Financial liabilities are recognised on the statement of financial position when and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

### (m) Share capital

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

### (n) Reserve fund

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

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

### (o) Provisions for other liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic resources will be required to settle that obligation and the amount can be estimated reliably. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting date. Where the effect of the time value of money is material, the amount of the provision shall be discounted to present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risks specific to the obligation.

When discounting is used, the increase in the provision due to passage of time is recognised as a finance cost in profit or loss.

### (p) Employee benefits

#### *Defined contribution plans*

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (p) Employee benefits (cont'd)

#### *Short-term employee benefits*

Short-term employee benefit obligation 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.

### (q) Foreign currencies

#### *Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements of the Group and the Company are presented in Singapore Dollar, which is the Company's functional currency.

#### *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except for currency translation differences on net investment in foreign operations and borrowings and other currency instruments qualifying as net investment hedges for foreign operations, which are included in the currency translation reserve within equity in the consolidated financial statements. The currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

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

#### *Translation of Group entities' financial statements*

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

- (i) Assets and liabilities are translated at the closing rates at the reporting date;
- (ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) All resulting exchange differences are recognised in the currency translation reserve within equity.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (q) Foreign currencies (cont'd)

#### *Translation of Group entities' financial statements (cont'd)*

On consolidation, exchange differences arising from the translation of the net investment in foreign operations (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

On disposal of a foreign group entity, the cumulative amount of the currency translation reserve relating to that particular foreign entity is reclassified from equity and recognised in profit or loss when the gain or loss on disposal is recognised.

### (r) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

### (s) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incurs expenses, including revenues and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker for making decisions about allocating resources and assessing performance of the operating segments.

### (t) Disposal groups held for sale and discontinued operations

Disposal groups are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held for sale and

- represents a separate major line of business or geographical area of operations; or
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

### *Critical judgement in applying the entity's accounting policies*

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

#### *Revenue recognition – property consultancy and management segment*

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

### *Key sources of estimation uncertainty*

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

#### *Calculation of loss allowance*

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions and forecasts of future economic conditions. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

As the calculation of loss allowance on trade receivables is subject to assumptions and forecasts, any changes to these estimations will affect the amounts of loss allowance recognised and the carrying amounts of trade receivables. Details of carrying value of trade receivables at the end of the reporting period and ECL measurement are disclosed in Note 23.

## 4 REVENUE

|                                      | Group            |                   |
|--------------------------------------|------------------|-------------------|
|                                      | 2019             | 2018              |
|                                      | \$               | \$                |
| <b>Segment revenue</b>               |                  |                   |
| <i>Continuing operations</i>         |                  |                   |
| Property consultancy and management  | <u>1,420,567</u> | <u>4,848,247</u>  |
| <i>Discontinued operations</i>       |                  |                   |
| Sale of electrical products (Note 6) | <u>5,597,549</u> | <u>12,936,390</u> |

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

### 4 REVENUE (CONT'D)

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

|                                         | Group            |                   |
|-----------------------------------------|------------------|-------------------|
|                                         | 2019<br>\$       | 2018<br>\$        |
| <i>Timing of revenue recognition</i>    |                  |                   |
| At a point in time:                     |                  |                   |
| Sales of electrical products            | 5,597,549        | 12,936,390        |
| Sales brokerage commission              | –                | 3,272,857         |
| Over time:                              |                  |                   |
| Property consultancy and management fee | 1,420,567        | 1,575,390         |
|                                         | <b>7,018,116</b> | <b>17,784,637</b> |

### 5 TAX EXPENSE

|                                                    | Group          |                |
|----------------------------------------------------|----------------|----------------|
|                                                    | 2019<br>\$     | 2018<br>\$     |
| Tax expense attributable to profits is made up of: |                |                |
| From continuing operations:                        |                |                |
| – Current income tax provision                     | 286,564        | 754,822        |
| From discontinued operations:                      |                |                |
| – Current income tax provision                     | 19,022         | 115,629        |
|                                                    | <b>305,586</b> | <b>870,451</b> |

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

|                                                  | Group            |                    |
|--------------------------------------------------|------------------|--------------------|
|                                                  | 2019<br>\$       | 2018<br>\$         |
| Profit/(loss) before tax from:                   |                  |                    |
| Continuing operation                             | 125,369          | 2,005,365          |
| Discontinued operations                          | (1,046,025)      | (4,917,825)        |
|                                                  | <b>(920,656)</b> | <b>(2,912,460)</b> |
| Tax calculated at a tax rate of 17%              | (156,512)        | (495,118)          |
| Effect of different tax rates in other countries | 96,508           | 267,978            |
| Tax rebate                                       | (9,403)          | –                  |
| Other temporary differences                      | (3,448)          | (11,643)           |
| Non-deductible expenses                          | 206,211          | 968,014            |
| Deferred tax assets not recognised               | 172,230          | 141,220            |
|                                                  | <b>305,586</b>   | <b>870,451</b>     |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 6 DISCONTINUED OPERATIONS

The Group commenced plans to market the sale of its interests in its wholly-owned subsidiaries, ITE Electric Systems Co Pte. Ltd., ITE Lumens Pte. Ltd. and Electech Distribution Systems Sdn. Bhd. and its subsidiary, Electech Manufacturing Sdn. Bhd. (collectively the "Disposal Group") in 2018. On this basis, the Group classified the Disposal Group as disposal group held for sale and recognised an impairment loss on the Disposal Group of \$4,593,510 for the financial year ended 31 December 2018.

Approval of the Group's management and shareholders to sell its interest in the Disposal Group was obtained on 12 June 2019. The transaction was completed on 18 June 2019.

An analysis of the results of discontinued operations is as follows:

|                                                   | Group                    |                           |
|---------------------------------------------------|--------------------------|---------------------------|
|                                                   | 1.1.2019 to<br>18.6.2019 | 1.1.2018 to<br>31.12.2018 |
|                                                   | \$                       | \$                        |
| Revenue                                           | 5,597,549                | 12,936,390                |
| Expenses                                          | (5,438,118)              | (13,260,705)              |
| Profit/(loss) from operating activities           | 159,431                  | (324,315)                 |
| Tax                                               | (19,022)                 | (115,629)                 |
| Profit/(loss) after tax from operating activities | 140,409                  | (439,944)                 |
| Loss on sale of discontinued operations           | (1,205,456)              | (4,593,510)               |
| Loss from discontinued operations                 | (1,065,047)              | (5,033,454)               |

The impact of the discontinued operation on the cash flows of the Group are as follows:

|                                       | Group     |            |
|---------------------------------------|-----------|------------|
|                                       | 18.6.2019 | 31.12.2018 |
|                                       | \$        | \$         |
| Net cash used in operating activities | (328,637) | (182,881)  |
| Net cash used in investing activities | —         | (166,699)  |
| Net cash outflows for the year        | (328,637) | (349,580)  |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 6 DISCONTINUED OPERATIONS (CONT'D)

The assets and liabilities of the Disposal Group are as follows:

|                                                               | Group              |                    |
|---------------------------------------------------------------|--------------------|--------------------|
|                                                               | 18.6.2019          | 31.12.2018         |
|                                                               | \$                 | \$                 |
| <b>Assets</b>                                                 |                    |                    |
| Property, plant and equipment                                 | 372,911            | 393,516            |
| Deferred tax assets                                           | 49,402             | 49,583             |
| Inventories                                                   | 2,459,774          | 2,162,994          |
| Trade and other receivables                                   | 3,363,659          | 3,742,872          |
| Cash and cash equivalents                                     | 2,271,411          | 1,942,774          |
|                                                               | <u>8,517,157</u>   | <u>8,291,739</u>   |
| Impairment loss recognised on disposal group held for sale    | (4,593,510)        | (4,593,510)        |
| Assets of the Disposal Group                                  | <u>3,923,647</u>   | <u>3,698,229</u>   |
| <b>Liabilities</b>                                            |                    |                    |
| Trade and other payables                                      | (1,996,579)        | (1,908,041)        |
| Current tax benefits                                          | 2,986              | 9,812              |
| Liabilities of the Disposal Group                             | <u>(1,993,593)</u> | <u>(1,898,229)</u> |
| Net assets of the Disposal Group                              | <u>1,930,954</u>   | <u>1,800,000</u>   |
|                                                               |                    | <b>2019</b>        |
|                                                               |                    | \$                 |
| Consideration received                                        |                    | 1,800,000          |
| Net assets of the Disposal Group                              |                    | (1,930,054)        |
| Realisation of currency translation reserve of Disposal Group |                    | (1,075,402)        |
| Loss on disposal of discontinued operations                   |                    | <u>(1,205,456)</u> |
| <b>Net cash outflow arising on disposal:</b>                  |                    |                    |
| Consideration received                                        |                    | 1,800,000          |
| Cash and cash equivalent disposed of                          |                    | <u>(2,271,411)</u> |
|                                                               |                    | <u>(471,411)</u>   |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 7 LOSS FOR THE YEAR

|                                                           | Group                 |           |                         |           |           |           |
|-----------------------------------------------------------|-----------------------|-----------|-------------------------|-----------|-----------|-----------|
|                                                           | Continuing operations |           | Discontinued operations |           | Total     |           |
|                                                           | 2019                  | 2018      | 2019                    | 2018      | 2019      | 2018      |
|                                                           | \$                    | \$        | \$                      | \$        | \$        | \$        |
| Loss for the financial year is arrived at after charging: |                       |           |                         |           |           |           |
| Audit fees paid to:                                       |                       |           |                         |           |           |           |
| – auditor of the Company                                  | 45,000                | 80,000    | 15,000                  | 57,800    | 60,000    | 137,800   |
| – other auditors*                                         | 64,054                | 22,000    | 21,302                  | –         | 85,356    | 22,000    |
| Non-audit fees paid to:                                   |                       |           |                         |           |           |           |
| – auditor of the Company                                  | –                     | –         | –                       | –         | –         | –         |
| – other auditors                                          | 6,000                 | 6,676     | –                       | –         | 6,000     | 6,676     |
| Insurance                                                 | –                     | –         | 16,113                  | 39,987    | 16,113    | 39,987    |
| Professional fee                                          | 329,364               | 285,749   | 94,310                  | 490,174   | 423,674   | 775,923   |
| Foreign exchange loss, net                                | –                     | –         | 10,055                  | 37,453    | 10,055    | 37,453    |
| Lease expenses                                            | –                     | –         | 138,092                 | 432,819   | 138,092   | 432,819   |
| Sales agent fee                                           | 141,774               | 1,825,334 | –                       | –         | 141,774   | 1,825,334 |
| Staff costs (Note 8)                                      | 626,316               | 607,974   | 790,015                 | 1,804,069 | 1,416,331 | 2,412,043 |

\* Includes independent member firms of the Baker Tilly International network.

## 8 STAFF COSTS

|                                             | Group                 |         |                         |           |           |           |
|---------------------------------------------|-----------------------|---------|-------------------------|-----------|-----------|-----------|
|                                             | Continuing operations |         | Discontinued operations |           | Total     |           |
|                                             | 2019                  | 2018    | 2019                    | 2018      | 2019      | 2018      |
|                                             | \$                    | \$      | \$                      | \$        | \$        | \$        |
| Salaries and related costs                  | 626,316               | 607,974 | 697,311                 | 1,582,044 | 1,323,627 | 2,190,018 |
| Contributions to defined contribution plans | –                     | –       | 92,704                  | 222,025   | 92,704    | 222,025   |
|                                             | 626,316               | 607,974 | 790,015                 | 1,804,069 | 1,416,331 | 2,412,043 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 9 LOSS PER SHARE

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

|                                                                                                        | Continuing operations |                | Discontinued operations |                | Total          |                |
|--------------------------------------------------------------------------------------------------------|-----------------------|----------------|-------------------------|----------------|----------------|----------------|
|                                                                                                        | 2019                  | 2018           | 2019                    | 2018           | 2019           | 2018           |
| Weighted average number of ordinary shares outstanding for basic and diluted earnings per share ('000) | <u>178,337</u>        | <u>178,337</u> | <u>178,337</u>          | <u>178,337</u> | <u>178,337</u> | <u>178,337</u> |
| Basic and diluted (loss)/earnings per share (cents per share)                                          | <u>(0.09)</u>         | <u>0.70</u>    | <u>(0.60)</u>           | <u>(2.82)</u>  | <u>(0.69)</u>  | <u>(2.12)</u>  |

## 10 INVESTMENT IN SUBSIDIARIES

|                                 | Company        |                    |
|---------------------------------|----------------|--------------------|
|                                 | 2019<br>\$     | 2018<br>\$         |
| Unquoted equity shares, at cost |                |                    |
| At 1 January                    | 8,202,129      | 8,202,129          |
| Disposal                        | (7,865,561)    | –                  |
| At 31 December                  | <u>336,568</u> | <u>8,202,129</u>   |
| Allowance for impairment loss   |                |                    |
| At 1 January                    | (6,065,561)    | (803,825)          |
| Impairment charge               | –              | (5,261,736)        |
| Disposal                        | 6,065,561      | –                  |
| At 31 December                  | <u>–</u>       | <u>(6,065,561)</u> |
| Net carrying amount             | <u>336,568</u> | <u>2,136,568</u>   |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 10 INVESTMENT IN SUBSIDIARIES (CONT'D)

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

| Name of subsidiary and<br>country of incorporation                                                                                                                                                       | Principal activities                                          | Effective equity interest |           |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------|---------------------------|-----------|
|                                                                                                                                                                                                          |                                                               | 2019<br>%                 | 2018<br>% |
| ITE Electric Systems Co.<br>Pte. Ltd. <sup>(1)</sup><br>(Singapore)                                                                                                                                      | Trading and distribution of<br>electrical products            | –                         | 100       |
| Electech Distribution<br>Systems Sdn.Bhd. <sup>(1)</sup><br>(Malaysia)                                                                                                                                   | Trading and distribution of<br>electrical products            | –                         | 100       |
| ITE Lumens Pte. Ltd. <sup>(1)</sup><br>(Singapore)                                                                                                                                                       | Trading of lighting products,<br>fixtures and accessories     | –                         | 100       |
| Sunrise Industrial<br>(Singapore) Pte Ltd. <sup>(2)(3)</sup><br>(Singapore)                                                                                                                              | Property fund management and<br>real estate investment trusts | 100                       | 100       |
| Hong Kong Sunrise<br>Consultant Ltd <sup>(4)</sup><br>(f.k.a “Hong Kong Sunrise<br>Development Ltd”)<br>(Hong Kong)                                                                                      | Investment holding company                                    | 100                       | 100       |
| <u>Held by Electech Distribution<br/>Systems Sdn. Bhd.</u>                                                                                                                                               |                                                               |                           |           |
| Electech Manufacturing<br>Sdn. Bhd. <sup>(1)</sup><br>(Malaysia)                                                                                                                                         | Manufacturing and assembly of<br>electrical products          | –                         | 100       |
| <u>Held by Hong Kong Sunrise<br/>Consultant Ltd</u>                                                                                                                                                      |                                                               |                           |           |
| Shenzhen Sunrise<br>Development Ltd <sup>(4)</sup><br>(China)                                                                                                                                            | Property consultancy,<br>management and related services      | 100                       | 100       |
| Shenzhen Kimshek Construction<br>Project Management Limited<br>(f.k.a Shenzhen Sunrise<br>Construction Project Management<br>Limited/Shenzhen Zhongtong<br>Development Limited <sup>(5)</sup><br>(China) | Property consultancy,<br>management and related services      | 100                       | 100       |
| Shenzhen Kimshek Consultancy<br>Management Limited<br>(f.k.a Shenzhen Sunrise<br>Consultancy Management<br>Limited/Shenzhen Zhong Tong<br>Consultancy Management Limited <sup>(5)</sup><br>(China)       | Property consultancy and project<br>management                | 100                       | 100       |
| Sunrise Investment Limited <sup>(2)</sup><br>(Cayman Island)                                                                                                                                             | Investment holding                                            | 100                       | 100       |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 10 INVESTMENT IN SUBSIDIARIES (CONT'D)

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

- <sup>1</sup> Audited by Baker Tilly TFW LLP for group consolidation purpose.
- <sup>2</sup> Not a significant subsidiary under SGX Listing Rule 717.
- <sup>3</sup> The entity is inactive since 2017.
- <sup>4</sup> Audited by independent member firm of Baker Tilly International.
- <sup>5</sup> Audited by independent member firm of Baker Tilly International for group consolidation purpose.

## 11 DEFERRED TAX ASSETS

The following are the major deferred tax assets recognised by the Group and the movements thereon, during the current and prior reporting periods.

|                                                     | <b>Tax losses<br/>carried<br/>forward<br/>\$</b> | <b>Unabsorbed<br/>capital<br/>allowances<br/>\$</b> | <b>Others<br/>\$</b> | <b>Total<br/>\$</b> |
|-----------------------------------------------------|--------------------------------------------------|-----------------------------------------------------|----------------------|---------------------|
| <b>Group</b>                                        |                                                  |                                                     |                      |                     |
| Balance at 1 January 2018                           | 54,069                                           | 22,549                                              | 47,825               | 124,443             |
| Credit to profit or loss for the year               | (54,069)                                         | (22,549)                                            | 758                  | (75,860)            |
| Transferred to assets held for sale<br>(Note 6)     | –                                                | –                                                   | (49,583)             | (49,583)            |
| Currency exchange differences                       | –                                                | –                                                   | 1,000                | 1,000               |
| Balance at 31 December 2018<br>and 31 December 2019 | –                                                | –                                                   | –                    | –                   |

### *Unrecognised deferred tax assets*

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

|            | <b>Group</b>       |                    | <b>Company</b>     |                    |
|------------|--------------------|--------------------|--------------------|--------------------|
|            | <b>2019<br/>\$</b> | <b>2018<br/>\$</b> | <b>2019<br/>\$</b> | <b>2018<br/>\$</b> |
| Tax losses | <b>2,577,792</b>   | 1,564,562          | <b>2,563,144</b>   | 1,552,903          |

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 remaining tax losses of \$2,577,792 (2018: \$1,564,562) relating to tax losses arising from the Group's Singapore operations and are not expected to expire under the applicable tax legislation. The Company's tax losses are not expected to expire under the applicable tax legislation.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 12 INVENTORIES

|                                              | Group      |             |
|----------------------------------------------|------------|-------------|
|                                              | 2019<br>\$ | 2018<br>\$  |
| Raw materials and consumables                | –          | 196,805     |
| Work in progress                             | –          | 4,734       |
| Finished goods                               | –          | 1,863,441   |
| Goods-in-transit                             | –          | 98,014      |
|                                              | –          | 2,162,994   |
| Transferred to assets held for sale (Note 6) | –          | (2,162,994) |
|                                              | –          | –           |

## 13 TRADE AND OTHER RECEIVABLES

|                                                 | Group      |             | Company    |            |
|-------------------------------------------------|------------|-------------|------------|------------|
|                                                 | 2019<br>\$ | 2018<br>\$  | 2019<br>\$ | 2018<br>\$ |
| Trade receivables                               | 134,713    | 3,392,968   | –          | –          |
| Deposits                                        | –          | 267,405     | –          | –          |
| Prepayments                                     | 63,691     | 41,880      | 63,691     | –          |
| Other receivables                               | 64,227     | 1,896,121   | –          | –          |
| Amount due from subsidiaries                    | –          | –           | 276,517    | 269,655    |
|                                                 | 262,631    | 5,556,494   | 340,208    | 269,655    |
| Transferred to assets<br>held for sale (Note 6) | –          | (3,742,872) | –          | –          |
|                                                 | 262,631    | 1,855,502   | 340,208    | 269,655    |
| Non-current                                     | –          | 1,405,800   | –          | –          |
| Current                                         | 262,631    | 449,702     | 340,208    | 269,655    |
|                                                 | 262,631    | 1,855,502   | 340,208    | 269,655    |

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

Included in other receivables are loans to a third party of NIL (2018: \$1,841,400). These loans are unsecured, bears interest of 15% per annum, and repayable by 2020. On 28 February 2019, the third party repaid the full loan amount of \$1,841,400 to Group before the maturity date.

## 14 CASH AND CASH EQUIVALENTS

|                                                 | Group      |             | Company    |            |
|-------------------------------------------------|------------|-------------|------------|------------|
|                                                 | 2019<br>\$ | 2018<br>\$  | 2019<br>\$ | 2018<br>\$ |
| Bank and cash balances                          | 4,978,794  | 4,665,429   | 924,190    | 91,397     |
| Fixed deposit                                   | –          | 919,957     | –          | –          |
| Transferred to assets<br>held for sale (Note 6) | –          | (1,942,774) | –          | –          |
| Cash and cash equivalents                       | 4,978,794  | 3,642,612   | 924,190    | 91,397     |

The weighted average effective interest rates per annum relating to fixed deposits at the reporting date for the Group is NIL (2018: 3.40%).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 15 SHARE CAPITAL

|                                               | Group and Company |                   |
|-----------------------------------------------|-------------------|-------------------|
|                                               | 2019              | 2018              |
|                                               | \$                | \$                |
| Issued and fully paid up                      |                   |                   |
| 178,337,290 ordinary shares with no par value | <u>24,936,695</u> | <u>24,936,695</u> |

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

## 16 FOREIGN CURRENCY TRANSLATION RESERVE

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

## 17 STATUTORY RESERVE

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

## 18 OTHER RESERVE

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

## 19 LOAN FROM A RELATED PARTY

The loan from a related party was extended to the Company in 2016 and was unsecured, interest-free and was repayable on demand. The Company had fully repaid the loan during the financial year.

## 20 TRADE AND OTHER PAYABLES

|                                                               | Group          |                  | Company        |                |
|---------------------------------------------------------------|----------------|------------------|----------------|----------------|
|                                                               | 2019           | 2018             | 2019           | 2018           |
|                                                               | \$             | \$               | \$             | \$             |
| Trade payables                                                | –              | 2,208,248        | –              | –              |
| Accruals                                                      | 162,092        | 838,731          | 151,290        | 372,382        |
| Other payables                                                | 2,366          | 440,745          | –              | 8,656          |
| Advance from the subscriber of ordinary shares <sup>(a)</sup> | 673,335        | –                | 673,335        | –              |
| Transferred to liabilities held for sale (Note 6)             | –              | (1,908,041)      | –              | –              |
|                                                               | <u>837,793</u> | <u>1,579,683</u> | <u>824,625</u> | <u>381,038</u> |

- (a) On 8 November 2019, the Company entered into a subscription agreement with an investor to subscribe for 31,000,000 new ordinary shares in the share capital of the Company at a price of \$0.0236 for each share. As at year end \$673,335 was received and the proposed subscription was completed on 2 January 2020.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 21 OPERATING LEASE COMMITMENTS

The Group leases various office premises, warehouse and factory facilities from non-related parties under non-cancellable operating lease agreements. The leases have an average tenure of between one to two years, varying terms, and renewal options.

Commitments in relation to non-cancellable operating leases contracted for at the end of reporting period, but not recognised as liabilities, are as follows:

|                                                                       | <b>2018</b><br>\$ |
|-----------------------------------------------------------------------|-------------------|
| <b>Discontinued operations</b>                                        |                   |
| Not later than one financial year                                     | 322,948           |
| Later than one financial year but not later than five financial years | 559,272           |
|                                                                       | <u>882,220</u>    |

## 22 RELATED PARTY TRANSACTIONS

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

|                           | <b>Group</b>      |                   |
|---------------------------|-------------------|-------------------|
|                           | <b>2019</b><br>\$ | <b>2018</b><br>\$ |
| Loan from a related party | <u>500,000</u>    | <u>–</u>          |

The loan was fully repaid during the financial year.

### *Key management personnel compensation*

Total key management personnel compensation is analysed as follows:

|                                                                   | <b>Group</b>      |                   |
|-------------------------------------------------------------------|-------------------|-------------------|
|                                                                   | <b>2019</b><br>\$ | <b>2018</b><br>\$ |
| Directors of the Company                                          |                   |                   |
| - Directors' fee                                                  | 151,600           | 165,000           |
| - Short-term employee benefits                                    | 138,000           | 216,000           |
|                                                                   | <u>289,600</u>    | <u>381,000</u>    |
| Directors of the subsidiaries                                     |                   |                   |
| - Corporate advisory and consultancy service fee*                 | –                 | 475,494           |
| - Directors' fees                                                 | –                 | 6,000             |
| - Short-term employee benefits                                    | 8,778             | 146,590           |
| - Contribution to defined contribution plans                      | –                 | 21,579            |
|                                                                   | <u>8,778</u>      | <u>649,663</u>    |
| Other key management personnel                                    |                   |                   |
| - Short-term employee benefits                                    | 176,000           | 54,000            |
| Total key management personnel compensation incurred by the Group | <u>474,378</u>    | <u>1,084,663</u>  |

\* In previous financial year, the Group entered into arrangements with a director of certain subsidiaries in the Disposal Group, for the provision of corporate advisory and consultancy services to the Group.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 23 FINANCIAL INSTRUMENTS

### (a) Categories of financial instruments

Financial instruments at their carrying amounts at the end of the reporting period are as follows:

|                                         | Group            |                   | Company          |                |
|-----------------------------------------|------------------|-------------------|------------------|----------------|
|                                         | 2019             | 2018              | 2019             | 2018           |
|                                         | \$               | \$                | \$               | \$             |
| Financial assets                        |                  |                   |                  |                |
| Financial assets at amortised costs     | <u>5,177,734</u> | <u>11,141,800</u> | <u>1,200,707</u> | <u>361,052</u> |
| Financial liabilities                   |                  |                   |                  |                |
| Financial liabilities at amortised cost | <u>164,458</u>   | <u>3,817,724</u>  | <u>151,290</u>   | <u>711,038</u> |

### (b) Financial risk management

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include foreign currency risk, interest rate risk, credit risk and liquidity risk. The Group's and the Company's overall financial risk management strategy seeks to minimise adverse effects from these financial risks on the Group's and the Company's financial performance. The Audit Committee oversees management's monitoring of compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the Group's operations and risks faced by the Group. The Audit Committee is assisted in its oversight role by an independent third-party (the "Internal Audit"). Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

#### Foreign currency risk

The Group and the Company do not have exposure to foreign currency risk during the financial year.

In 2018, the Group had currency exposures arising from transactions and the following financial assets and financial liabilities were denominated in United States dollar ("USD") and EURO ("EUR").

|                                                           | USD              | EUR              |
|-----------------------------------------------------------|------------------|------------------|
|                                                           | \$               | \$               |
| 2018                                                      |                  |                  |
| Group                                                     |                  |                  |
| <i>Financial assets</i>                                   |                  |                  |
| Trade and other receivables                               | <u>—</u>         | <u>25,467</u>    |
| <i>Financial liabilities</i>                              |                  |                  |
| Trade and other payables                                  | <u>277,376</u>   | <u>178,403</u>   |
| Net financial liabilities denominated in foreign currency | <u>(277,376)</u> | <u>(152,936)</u> |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 23 FINANCIAL INSTRUMENTS (CONT'D)

### (b) Financial risk management (cont'd)

#### *Foreign currency risk (cont'd)*

The following table demonstrates the sensitivity to a reasonably possible change in the USD and EUR exchange rates against the respective functional currencies of the Group's entities, with all other variables held constant, of the Group's and the Company's results after tax:

|                                | Group<br>Increase/(decrease)<br>in (loss)/profit after tax |          |
|--------------------------------|------------------------------------------------------------|----------|
|                                | 2019                                                       | 2018     |
|                                | \$                                                         | \$       |
| EUR/SGD                        |                                                            |          |
| - strengthened 10% (2018: 10%) | -                                                          | 15,294   |
| - weakened 10% (2018: 10%)     | -                                                          | (15,294) |
| USD/SGD                        |                                                            |          |
| - strengthened 10% (2018: 10%) | -                                                          | 27,738   |
| - weakened 10% (2018: 10%)     | -                                                          | (27,738) |

#### *Interest rate risk*

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

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

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

|                       | Group |           |
|-----------------------|-------|-----------|
|                       | 2019  | 2018      |
|                       | \$    | \$        |
| Fixed rate instrument |       |           |
| Fixed deposit         | -     | 919,957   |
| Other receivables     | -     | 1,841,400 |
|                       | -     | 2,761,357 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 23 FINANCIAL INSTRUMENTS (CONT'D)

### (b) Financial risk management (cont'd)

#### **Credit risk**

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

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

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

#### *Significant increase in credit risk*

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information, such as future economic and industry outlook that is available without undue cost or effort.

In particular, the Group considers the following information when assessing whether credit risk has increased significantly since initial recognition:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations; and
- an actual or expected significant deterioration in the operating results/key financial performance ratios of the debtor.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 23 FINANCIAL INSTRUMENTS (CONT'D)

### (b) Financial risk management (cont'd)

#### **Credit risk (cont'd)**

##### *Significant increase in credit risk (cont'd)*

Regardless of the evaluation of the above factors, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group also assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if it has an internal or external credit rating of "investment grade" as per globally understood definition, or the financial asset has a low risk of default; the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

##### *Definition of default*

The Group has determined the default events on a financial asset to be when there is evidence that the borrower is experiencing liquidity issues or when there is a breach of contract, such as a default of payment.

The Group considers the above as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless The Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

##### *Credit-impaired financial assets*

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred such as evidence that the borrower is in significant financial difficulty, there is a breach of contract such as default or past due event; there is information that it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties; or the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

##### *Estimation techniques and significant assumptions*

There has been no change in the estimation techniques or significant assumptions made during the current financial year for recognition and measurement of credit loss allowances.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 23 FINANCIAL INSTRUMENTS (CONT'D)

### (b) Financial risk management (cont'd)

#### Credit risk (cont'd)

##### Maximum exposure and concentration of credit risk

At the reporting date, approximately 100% (2018: 30%) of the Group's trade and other receivables (excluding prepayments) generated were due from 3 (2018: 10) major customers.

As the Group does not hold any collateral, the maximum exposure to credit risk is the carrying amount of each class of financial instruments presented on the statements of financial position.

The credit risk for trade and other receivables (excluding prepayments) based on the information provided to key management is as follows:

|                              | Group          |            |
|------------------------------|----------------|------------|
|                              | 2019<br>\$     | 2018<br>\$ |
| <u>By types of customers</u> |                |            |
| Contractors                  | –              | 1,317,863  |
| Dealers                      | –              | 1,288,171  |
| Property developers          | <b>198,940</b> | 1,855,501  |
| Other                        | –              | 1,094,959  |
|                              | <b>198,940</b> | 5,556,494  |

Movements in credit loss allowance are as follows:

|                                                         | Trade<br>and other<br>receivables<br>\$ |
|---------------------------------------------------------|-----------------------------------------|
| <b>Group</b>                                            |                                         |
| Balance at 1 January 2018, under FRS 39 and SFRS(I) I-9 | 649,147                                 |
| Loss allowance measured:                                |                                         |
| Lifetime ECL – simplified approach                      | 258,004                                 |
| Translation differences                                 | 2,364                                   |
|                                                         | 260,368                                 |
| Balance at 31 December 2018                             | 909,515                                 |
| Disposal of subsidiaries                                | (909,515)                               |
| Balance at 31 December 2019                             | –                                       |

The credit loss for cash and cash equivalents and other receivables are immaterial as at 31 December 2018 and 2019.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 23 FINANCIAL INSTRUMENTS (CONT'D)

### (b) Financial risk management (cont'd)

#### **Credit risk (cont'd)**

##### *Trade receivables*

The Group had applied the simplified approach by using a provision matrix to measure the lifetime expected credit loss allowance for trade receivables.

The Group estimates the expected credit loss rates for each category of past due status of the debtors based on historical credit loss experience adjusted as appropriate to reflect current conditions and forecasts of future economic conditions.

There has been no change in the estimation techniques or significant assumptions made during the current financial year.

The Group's credit risk exposure in relation to trade receivables under SFRS(I) 9 as at 31 December 2018 and 2019 are set out in the provision matrix below:

|                         | Not past due | Within 30 days | Past due |          |           | Total          |
|-------------------------|--------------|----------------|----------|----------|-----------|----------------|
|                         | due          | days           | 30 to 60 | 60 to 90 | More than |                |
|                         | \$           | \$             | days     | days     | 90 days   | \$             |
|                         |              |                | \$       | \$       | \$        |                |
| <b>2019</b>             |              |                |          |          |           |                |
| Expected loss rate      | 0%           | –              | –        | –        | –         |                |
| Gross receivables       | 134,713      | –              | –        | –        | –         | <b>134,713</b> |
|                         | 134,713      | –              | –        | –        | –         | <b>134,713</b> |
| Total gross receivables | 134,713      | –              | –        | –        | –         | <b>134,713</b> |
| Total loss allowance    | –            | –              | –        | –        | –         | <b>–</b>       |
|                         | 134,713      | –              | –        | –        | –         | <b>134,713</b> |
| <b>2018</b>             |              |                |          |          |           |                |
| Expected loss rate      | 3%           | 3%             | 10%      | 9%       | 75%       |                |
| Gross receivables       | 920,268      | 1,053,876      | 820,285  | 558,844  | 949,210   | 4,302,483      |
| Loss allowance          | 38,029       | 33,370         | 75,720   | 50,546   | 711,850   | 909,515        |
| Total gross receivables | 920,268      | 1,053,876      | 820,285  | 558,844  | 949,210   | 4,302,483      |
| Total loss allowance    | (38,029)     | (33,370)       | (75,720) | (50,546) | (711,850) | (909,515)      |
|                         | 882,239      | 1,020,506      | 744,565  | 508,298  | 237,360   | 3,392,968      |

##### *Other financial assets at amortised cost*

The credit loss exposure in relation to cash and cash equivalents and other receivables (excluding prepayments) are immaterial and accordingly, no credit loss allowance is recognised at 31 December 2019 and 31 December 2018.

#### **Liquidity risk**

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

The Group's and the Company's financial liabilities due within 12 months from the reporting date and approximate the contractual undiscounted payments.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 24 FAIR VALUES OF ASSETS AND LIABILITIES

### (a) Fair value hierarchy

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

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

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

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

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values as they are short-term in nature, market interest rate instruments, or fixed rate instruments whereby the fixed rates approximate market interest rates on or near the end of the reporting period.

### (c) Determination of fair values

Fair values have been determined for measurement and/or disclosure purposes based on the following methods:

#### *Non-current other receivables*

The fair value of non-current other receivables is calculated based on discounted expected future principal and interest cash flows at the market rate of interest at the reporting date. The fair value measurement is categorised in Level 3 fair value of the fair value hierarchy.

## 25 SEGMENT INFORMATION

The Group had 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 CEO and other key management personnel (collectively "CODM") reviews internal management reports on a monthly basis to make strategic decisions and resource allocation. The following summary describes the operations in each of the Group's reportable segments:

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 25 SEGMENT INFORMATION (CONT'D)

During the financial year, the Group disposed subsidiaries in the electrical trading and electrical manufacturing segment.

|                                                                    | Electrical<br>trading<br>(Discontinued)<br>\$  | Electrical<br>manufacturing<br>(Discontinued)<br>\$  | Property<br>consultancy<br>and<br>management<br>\$ | Eliminations<br>\$ | Total<br>\$               |
|--------------------------------------------------------------------|------------------------------------------------|------------------------------------------------------|----------------------------------------------------|--------------------|---------------------------|
| <b>2019</b>                                                        |                                                |                                                      |                                                    |                    |                           |
| <b>Segment revenue</b>                                             |                                                |                                                      |                                                    |                    |                           |
| Sales to external customers                                        | 5,607,376                                      | 266,574                                              | 1,420,567                                          | –                  | <b>7,294,517</b>          |
| Intersegment sales                                                 | (20,419)                                       | (255,982)                                            | –                                                  | –                  | <b>(276,401)</b>          |
| Total revenue                                                      | <u>5,586,957</u>                               | <u>10,592</u>                                        | <u>1,420,567</u>                                   | <u>–</u>           | <u><b>7,018,116</b></u>   |
| Segment profit/(loss) before tax                                   | 186,095                                        | (26,664)                                             | 1,197,659                                          | –                  | <b>1,357,090</b>          |
| Others                                                             |                                                |                                                      |                                                    |                    | <b>(2,277,746)</b>        |
| Loss before tax                                                    |                                                |                                                      |                                                    |                    | <b>(920,656)</b>          |
| Tax expense                                                        |                                                |                                                      |                                                    |                    | <b>(305,586)</b>          |
| Net loss attributable to owners of the Company                     |                                                |                                                      |                                                    |                    | <u><b>(1,226,242)</b></u> |
| Reportable segment finance income                                  | –                                              | –                                                    | 55,257                                             | –                  | <b>55,257</b>             |
| Others                                                             |                                                |                                                      |                                                    |                    | <b>441</b>                |
| Finance income                                                     |                                                |                                                      |                                                    |                    | <u><b>55,698</b></u>      |
| <b>Assets and liabilities:</b>                                     |                                                |                                                      |                                                    |                    |                           |
| Reportable segment assets                                          | –                                              | –                                                    | 4,161,604                                          | –                  | <b>4,161,604</b>          |
| Unallocated assets                                                 |                                                |                                                      |                                                    |                    | <b>1,079,821</b>          |
|                                                                    |                                                |                                                      |                                                    |                    | <u><b>5,241,425</b></u>   |
| Reportable segment liabilities                                     | –                                              | –                                                    | 102,903                                            | –                  | <b>102,903</b>            |
| Unallocated liabilities                                            |                                                |                                                      |                                                    |                    | <b>807,941</b>            |
|                                                                    |                                                |                                                      |                                                    |                    | <u><b>910,844</b></u>     |
|                                                                    | Electrical<br>trading<br>(Discontinuing)<br>\$ | Electrical<br>manufacturing<br>(Discontinuing)<br>\$ | Property<br>consultancy and<br>management<br>\$    | Eliminations<br>\$ | Total<br>\$               |
| <b>2018</b>                                                        |                                                |                                                      |                                                    |                    |                           |
| <b>Segment revenue</b>                                             |                                                |                                                      |                                                    |                    |                           |
| Sales to external customers                                        | 13,131,741                                     | 751,883                                              | 4,848,247                                          | –                  | 18,731,871                |
| Intersegment sales                                                 | (252,108)                                      | (695,126)                                            | –                                                  | –                  | (947,234)                 |
| Total revenue                                                      | <u>12,879,633</u>                              | <u>56,757</u>                                        | <u>4,848,247</u>                                   | <u>–</u>           | <u>17,784,637</u>         |
| Segment (loss)/profit before tax                                   | (287,467)                                      | (36,848)                                             | 2,901,978                                          | –                  | 2,577,663                 |
| Others                                                             |                                                |                                                      |                                                    |                    | (5,490,123)               |
| Loss before tax                                                    |                                                |                                                      |                                                    |                    | (2,912,460)               |
| Tax expense                                                        |                                                |                                                      |                                                    |                    | (870,451)                 |
| Net loss attributable to owners of the Company                     |                                                |                                                      |                                                    |                    | <u>(3,782,911)</u>        |
| Depreciation of property, plant and equipment                      | (72,574)                                       | (2,805)                                              | –                                                  | –                  | (75,379)                  |
| Write back of allowance for inventory                              | (12,083)                                       | (4,855)                                              | –                                                  | –                  | (16,938)                  |
| Impairment loss/(reversal of impairment loss) on trade receivables | 258,332                                        | (328)                                                | –                                                  | –                  | 258,004                   |
| Impairment loss recognised on asset held for sale                  | <u>4,121,746</u>                               | <u>471,764</u>                                       | <u>–</u>                                           | <u>–</u>           | <u>4,593,510</u>          |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 25 SEGMENT INFORMATION (CONT'D)

|                                                | Electrical<br>trading<br>(Discontinuing)<br>\$ | Electrical<br>manufacturing<br>(Discontinuing)<br>\$ | Property<br>consultancy and<br>management<br>\$ | Eliminations<br>\$ | Total<br>\$ |
|------------------------------------------------|------------------------------------------------|------------------------------------------------------|-------------------------------------------------|--------------------|-------------|
| 2018 (cont'd)                                  |                                                |                                                      |                                                 |                    |             |
| Reportable<br>segment finance<br>(cost)/income | (21,216)                                       | 17,481                                               | 250,681                                         | –                  | 246,946     |
| Others                                         |                                                |                                                      |                                                 |                    | 37,453      |
| Finance income                                 |                                                |                                                      |                                                 |                    | 284,399     |
| <i>Assets and<br/>liabilities:</i>             |                                                |                                                      |                                                 |                    |             |
| Reportable<br>segment assets                   | 3,273,921                                      | 374,725                                              | 4,856,686                                       | –                  | 8,505,332   |
| Unallocated assets                             |                                                |                                                      |                                                 |                    | 691,011     |
|                                                |                                                |                                                      |                                                 |                    | 9,196,343   |
| Segment assets<br>include:                     |                                                |                                                      |                                                 |                    |             |
| Capital expenditure                            | 216,061                                        | 837                                                  | –                                               | –                  | 216,898     |
| Reportable<br>segment<br>liabilities           | 1,778,314                                      | 129,727                                              | 1,191,106                                       | –                  | 3,099,147   |
| Unallocated<br>liabilities                     |                                                |                                                      |                                                 |                    | 1,484,221   |
|                                                |                                                |                                                      |                                                 |                    | 4,583,368   |

### Geographical segments

The electrical trading and manufacturing segments are managed locally and 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<br>\$<br>(Continuing) | Revenue<br>\$<br>(Discontinued) | Non-current<br>assets <sup>(i)</sup><br>\$<br>(Discontinued) |
|-----------------|-------------------------------|---------------------------------|--------------------------------------------------------------|
| <b>2019</b>     |                               |                                 |                                                              |
| China           | 1,420,567                     | –                               | –                                                            |
| Singapore       | –                             | 4,275,150                       | –                                                            |
| Malaysia        | –                             | 1,132,837                       | –                                                            |
| Other countries | –                             | 189,562                         | –                                                            |
|                 | 1,420,567                     | 5,597,549                       | –                                                            |
| <b>2018</b>     |                               |                                 |                                                              |
| China           | 4,848,247                     | –                               | –                                                            |
| Singapore       | –                             | 9,368,821                       | 276,994                                                      |
| Malaysia        | –                             | 2,907,035                       | 116,522                                                      |
| Other countries | –                             | 660,534                         | –                                                            |
|                 | 4,848,247                     | 12,936,390                      | 393,516                                                      |

(i) Non-current assets exclude deferred tax assets and other receivables

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 25 SEGMENT INFORMATION (CONT'D)

### Information about major customers

Revenue of approximately \$1,420,567 (2018: \$4,439,643) are derived from 4 (2018: 2) external customers who individually contributed 10% or more of the Group's revenue reported under continuing operations. The details are as follows:

|            | Attributable segments               | 2019<br>\$       | 2018<br>\$       |
|------------|-------------------------------------|------------------|------------------|
| Customer 1 | Property consultancy and management | 597,817          | 1,696,322        |
| Customer 2 | Property consultancy and management | 417,523          | 2,743,321        |
| Customer 3 | Property consultancy and management | 215,444          | –                |
| Customer 4 | Property consultancy and management | 189,783          | –                |
|            |                                     | <b>1,420,567</b> | <b>4,439,643</b> |

## 26 CAPITAL MANAGEMENT

The Group's objective when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

The capital structure of the Group mainly consists of equity and borrowings and the Group's overall strategy remains unchanged from 2018.

## 27 SUBSEQUENT EVENTS

### (a) Issuance of placement shares

On 8 November 2019, the Company entered into a subscription agreement with Mr. Cheung Chi Hung (the "Subscriber"), pursuant to which the Subscriber proposes to subscribe for 31,000,000 new ordinary shares in the share capital of the Company, approximately 14.8% of the Company's enlarged share capital, at a subscription price of S\$0.0236 for each Subscription Share (the "Proposed Subscription").

On 2 January 2020, the Company announced the completion of the Proposed Subscription pursuant to which 31,000,000 Subscription Shares were allotted and issued in accordance with the terms of the Subscription Agreement. Following the completion, the total number of issued shares of the Company has increased from 178,337,290 to 209,337,290 shares and the Company had received the fully payment of the shares on the same day.

### (b) Incorporation of a subsidiary

On 17 January 2020, the Company, via its wholly-owned subsidiary, Sunrise Industrial (Singapore) Pte. Ltd. ("SISPL") incorporated a company, Australia Sunrise Consultant Management Pty. Ltd. ("ASCM") in Australia. SISPL holds 100% interest in ASCM, which has an initial issued and paid-up share of AUD10,000.

### (c) Incorporation of a subsidiary

On 6 February 2020, the Company, via its wholly-owned subsidiary, Sunrise Industrial (Singapore) Pte. Ltd. ("SISPL") incorporated a company, Hong Kong Sunrise Consultant Investment Limited ("HKSCI") in Australia. SISPL holds 100% interest in HKSCI, which has an initial issued and paid-up share of HKD10,000.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

### **28 COMPARATIVE FIGURES**

The consolidated financial statements of the Group for the financial year ended 31 December 2018 were audited by another independent auditor whose report dated 11 April 2019 expressed an unmodified opinion on those consolidated financial statements.

### **29 AUTHORISATION OF FINANCIAL STATEMENTS**

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2019 were authorised for issue in accordance with a resolution of the directors dated 26 May 2020.

# SHAREHOLDING STATISTICS

AS AT 26 MAY 2020

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

## DISTRIBUTION OF SHAREHOLDINGS

| SIZE OF SHAREHOLDINGS | NO. OF<br>SHAREHOLDERS | %             | NO. OF<br>SHARES   | %             |
|-----------------------|------------------------|---------------|--------------------|---------------|
| 1 – 99                | 1                      | 0.15          | 10                 | 0.00          |
| 100 – 1,000           | 142                    | 21.78         | 136,900            | 0.07          |
| 1,001 – 10,000        | 285                    | 43.71         | 1,551,300          | 0.74          |
| 10,001 – 1,000,000    | 208                    | 31.90         | 26,675,793         | 12.74         |
| 1,000,001 AND ABOVE   | 16                     | 2.46          | 180,973,287        | 86.45         |
| <b>TOTAL</b>          | <b>652</b>             | <b>100.00</b> | <b>209,337,290</b> | <b>100.00</b> |

## TWENTY LARGEST SHAREHOLDERS

| NO. | NAME                                |                    | %            |
|-----|-------------------------------------|--------------------|--------------|
| 1   | WONG SIU FAI                        | 45,351,537         | 21.66        |
| 2   | UOB KAY HIAN PRIVATE LIMITED        | 39,827,815         | 19.03        |
| 3   | CHEUNG CHI HUNG                     | 31,000,000         | 14.81        |
| 4   | SUNRISE WEALTH MANAGEMENT PTE LTD   | 21,185,000         | 10.12        |
| 5   | PHILLIP SECURITIES PTE LTD          | 15,386,435         | 7.35         |
| 6   | TAN KENG SOON                       | 6,832,500          | 3.26         |
| 7   | CITIBANK NOMINEES SINGAPORE PTE LTD | 5,386,000          | 2.57         |
| 8   | NG CHOON NGOI @ NG CHOON NGO        | 3,032,900          | 1.45         |
| 9   | CHEE SUWEN                          | 2,800,000          | 1.34         |
| 10  | CHARLESTON HOLDINGS PTE LTD         | 2,233,000          | 1.07         |
| 11  | RAMESH S/O PRITAMDAS CHANDIRAMANI   | 1,550,100          | 0.74         |
| 12  | CHAN HOE YIN @ CHAN PAK YIN         | 1,540,000          | 0.74         |
| 13  | ZAHEER K MERCHANT                   | 1,500,000          | 0.72         |
| 14  | ONG BOON SING                       | 1,273,000          | 0.61         |
| 15  | LEE WEE NGAM                        | 1,073,000          | 0.51         |
| 16  | ANG JUI KHOON                       | 1,002,000          | 0.48         |
| 17  | CHEN MIN                            | 1,000,000          | 0.48         |
| 18  | LI YING                             | 1,000,000          | 0.48         |
| 19  | WANG PINGHUA                        | 1,000,000          | 0.48         |
| 20  | WU CHAO                             | 1,000,000          | 0.48         |
|     | <b>TOTAL</b>                        | <b>184,973,287</b> | <b>88.38</b> |

# SHAREHOLDING STATISTICS

AS AT 26 MAY 2020

## SUBSTANTIAL SHAREHOLDERS

(As shown in the Register of Substantial Shareholders as at 26 May 2020)

| Name of Shareholders                                                  | Direct Interest       |       | Deemed Interest       |       |
|-----------------------------------------------------------------------|-----------------------|-------|-----------------------|-------|
|                                                                       | No. of<br>Shares Held | %     | No. of<br>Shares Held | %     |
| Sunrise Wealth Management Pte. Ltd. <sup>(1)</sup>                    | 21,185,000            | 10.12 | 39,827,815            | 19.03 |
| Hong Kong Sunrise Wealth Management<br>Company Limited <sup>(2)</sup> | –                     | –     | 61,012,815            | 29.15 |
| H Wealth Management Co. Limited <sup>(3)</sup>                        | –                     | –     | 61,012,815            | 29.15 |
| Wong Siu Fai <sup>(4)</sup>                                           | 45,351,537            | 21.66 | 61,012,815            | 29.15 |
| Cheung Chi Hung                                                       | 31,000,000            | 14.81 | –                     | –     |

### Notes:

- (1) Sunrise Wealth Management Pte. Ltd. ("**SWM**") 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) Hong Kong Sunrise Wealth Management Company Limited ("**HKSWM**") is deemed interested in the Shares held by SWM (directly and indirectly) through its 100% interest in the issued share capital of SWM.
- (3) H Wealth Management Co. Limited ("**HWM**") is deemed interested in the Shares held by SWM (directly and indirectly) through its 100% interest in the issued share capital of HKSWM.
- (4) Wong Siu Fai is deemed interested in the Shares held by SWM (directly and indirectly) through his 100% interest in the issued share capital of HWM.

## PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

As at 26 May 2020, 34.4% of the Company's shares are held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual Section B: Catalyst Rules of the SGX-ST which requires 10% of the equity securities (excluding preference shares and convertible equity securities) in a class that is listed to be in the hands of the public.

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of Sunrise Shares Holdings Ltd. ("**Company**") will be held by way of electronic means on Friday, 26 June 2020 at 10.00 a.m. for the following purposes:

## ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2019 together with the Independent Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors of the Company retiring pursuant to Regulation 91 and Regulation 97 of the Constitution of the Company, and who, being eligible, offer themselves for re-election, as Directors of the Company:

Mr Zheng Aimin (Regulation 91)

**(Resolution 2)**

Mr Wong Siu Fai (Regulation 97)

**(Resolution 3)**

[See Explanatory Note (i)]

3. To approve the payment of Directors' fees of S\$160,000 for the financial year ended 31 December 2019 (FY2018: S\$160,000) **(Resolution 4)**

4. To re-appoint Messrs Baker Tilly TFW LLP, as Auditors of the Company, to hold office until the conclusion of the next AGM and to authorise the Directors to fix their remuneration. **(Resolution 5)**

5. To transact any other ordinary business which may properly be transacted at an AGM.

## SPECIAL BUSINESS

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

### 6. Authority to allot and issue shares

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

- (i) allot and issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

- (ii) make or grant offers, agreements or options (collectively "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures, convertible securities or other instruments convertible into shares,

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

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

**("Share Issue Mandate")**

provided that:

- (i) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued pursuant to 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,

## NOTICE OF ANNUAL GENERAL MEETING

- (ii) the aggregate number of shares to be issued other than on a *pro-rata* basis to existing shareholders of the Company shall not be more than fifty percent (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) (including Shares to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) (as calculated in accordance with sub-paragraph (iii) below) or such other limit as may be prescribed by the Catalist Rules as at the date this Resolution is passed;
- (iii) (subject to such manner of calculation and adjustments as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-para (i) and (ii) above, the percentage of the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company at the date this Resolution is passed after adjusting for: -
  - (a) new shares arising from the conversion or exercise of any convertible securities outstanding and/or subsisting at the time this authority is given;
  - (b) new shares arising from the exercise of share options or vesting of share awards provided the share options or share awards (as the case may be), were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
  - (c) any subsequent bonus issue, consolidation or subdivision of the Company's shares;

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

- (iv) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act and otherwise, and the Constitution for the time being of the Company; and
- (v) (unless revoked or varied by the Company in general meeting), the authority conferred by this Resolution shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier.

[See Explanatory note (ii)]

**(Resolution 6)**

### By Order of the Board

Shirley Tan Sey Liy  
Company Secretary  
Singapore, 11 June 2020

# NOTICE OF ANNUAL GENERAL MEETING

## Explanatory Notes:

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

Mr Wong Siu Fai will, upon re-election as Director of the Company, remain as the Executive Director and Chairman of the Board.

Please refer to pages 34 to 39 of the Annual Report for the detailed information for Mr Zheng Aimin and Mr Wong Siu Fai required pursuant to Rule 720(5) of the Catalist Rules.

- (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 relating to measures to minimise the risk of COVID-19:

### General

- In view of the circuit breaker measures applicable as of the date of this Notice and pursuant to the COVID-19 (Temporary Measures) Act that was passed by Parliament on 7 April 2020 and the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 issued by the Minister of Law on 13 April 2020 (as amended from time to time), provide legal certainty such that issuers are able to make alternative arrangements to hold general meetings where personal attendance is required under written law or legal instruments (such as a company's constitution). A joint statement was also issued by the Monetary Authority of Singapore, the Accounting and Corporate Regulatory Authority and the Singapore Exchange Regulation on 13 April 2020 to provide guidance on the conduct of general meetings during the period when elevated safe distancing measures are in place. As such, the AGM will be held by way of **electronic means** and **shareholders will NOT be allowed to attend the AGM in person**. This Notice will be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
- Alternative arrangements are instead put in place to allow shareholders to participate in the AGM by:
  - watching or listening to the AGM proceedings via a Live Webcast (as defined below). Shareholders who wish to participate as such will have to pre-register in the manner outlined in Note 3 below;
  - submitting questions ahead of the AGM. Please refer to Notes 7 to 9 below for further details; and
  - voting by proxy at the AGM. Please refer to Notes 10 to 16 below for further details.

### Participation in the AGM via live webcast or live audio feed

- A shareholder of the Company or their corporate representatives (in the case of a member which is a legal entity) will be able to watch or listen to the proceedings of the AGM through a "live" webcast via mobile phone, tablet or computer ("**Live Webcast**"). In order to do so, the member must pre-register by 10.00 a.m. on 23 June 2020 ("**Registration Deadline**"), at the following URL: [sg.conveneagm.com/sunriseshares](https://sg.conveneagm.com/sunriseshares) ("**Sunrise AGM Website**"), to create an account.
- Following authentication of his/her/its status as a shareholder of the Company, such shareholder will receive an email on their authentication status and will be able to access the Live Webcast using the account created.
- Shareholders who have registered by the Registration Deadline in accordance with paragraph 2 above but do not receive an email response by 12:00 p.m. on 25 June 2020, may contact the Company for assistance at the following email address: [support@conveneagm.com](mailto:support@conveneagm.com), with the following details included: (1) the member's full name; and (2) his/her/its identification/registration number.
- Non-SRS holders whose shares are registered under Depository Agents ("**DAs**") must **also** contact their respective DAs to indicate their interest in order for their respective DAs to make the necessary arrangements for them to participate in the Live Webcast of the AGM proceedings.

# NOTICE OF ANNUAL GENERAL MEETING

## Submission of questions prior to the AGM

7. A shareholder of the Company may also submit questions relating to the resolutions to be tabled for approval at the AGM or the Company's businesses and operations. The Company shall only address relevant and substantial questions (as may be determined by the Company in its sole discretion) received. The Company will publish the minutes of the AGM on SGXNET and the Company's website within one month after the date of AGM.
8. To do so, all questions must be submitted no later than the Registration Deadline through any one of the following means:
  - (a) via the Sunrise AGM Website; or
  - (b) in physical copy by depositing the same at the office of the Company's Share Registrar at 30 Cecil Street #19-08 Prudential Tower, Singapore 049712; or
  - (c) by email to [SunriseShares@126.com](mailto:SunriseShares@126.com).
9. If the questions are deposited in physical copy at the Company's registered office or sent via email, and in either case not accompanied by the completed and executed proxy form, the following details must be included with the submitted questions: (i) the member's full name; and (ii) his/her/its identification/registration number for verification purposes, failing which the submission will be treated as invalid.

## Voting by proxy

10. Shareholders may only exercise their voting rights at the AGM via proxy voting. The accompanying proxy form for the AGM may be accessed via the Sunrise AGM Website and will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
11. Shareholders (including Relevant Intermediary\*) who wish to vote on any or all of the resolutions at the AGM must submit a proxy form to appoint the Chairman of the AGM as their proxy to do so on their behalf.
12. The instrument appointing the Chairman of the AGM as proxy must be submitted to the Company in the following manner:
  - a. if submitted by post, be lodged with the Company's Share Registrar, RHT Corporate Advisory Pte. Ltd., 30 Cecil Street #19-08 Prudential Tower Singapore 049712; or
  - b. if submitted electronically, be submitted via email to the Company's Share Registrar at [rhtcaoscar@rhtcorporate.com](mailto:rhtcaoscar@rhtcorporate.com).
  - c. via the Sunrise AGM Website at, [sg.conveneagm.com/sunriseshares](http://sg.conveneagm.com/sunriseshares), in the electronic format;

in either case, **by no later than 24 June 2020, 10.00 a.m., being at least forty-eight (48) hours before the time appointed for holding the Meeting and in default, the proxy form shall not be treated as valid.**

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

**In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.**

13. In the case of submission of the proxy form other than via the Sunrise AGM Website, the instrument appointing the Chairman of the AGM as proxy must be under the hand of the appointor or on his/her attorney duly authorised in writing. Where the instrument appointing the Chairman of the AGM as proxy is executed by a corporation, it must be executed either under its common seal or signed on its behalf by its attorney duly authorised in writing or by an authorised officer of the corporation, failing which the instrument of proxy may be treated as invalid.
14. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investor") and wishes to vote, should approach their respective CPF and/or SRS Operators to submit their votes to appoint the Chairman of the AGM as their proxy, at least seven (7) working days before the AGM and no later than 10 am. on 17 June 2020.
15. A Depositor's name must appear on the Depository Register maintained by The Central Depositor (Pte) Limited as at 72 hours before the time fixed for holding the AGM in order for the Depositor to be entitled to vote at the AGM.
16. **Please note that shareholders will not be able to vote through the Live Webcast and can only vote with their proxy forms which are required to be submitted in accordance with the foregoing paragraphs.**

# NOTICE OF ANNUAL GENERAL 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.

## PERSONAL DATA PRIVACY

By pre-registering for the Live Webcast, submitting a Proxy Form appointing the Chairman of the AGM as proxy to vote at the AGM and/or any adjournment thereof, and/or submitting questions relating to the resolutions to be tabled for approval at the AGM or the Company's businesses and operations, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

**SUNRISE SHARES HOLDINGS LTD.**

(Company Registration No. 198201457Z)  
(Incorporated in the Republic of Singapore)

**ANNUAL GENERAL MEETING  
PROXY FORM**

(Please see notes overleaf before completing this Form)

**IMPORTANT:**

1. The Annual General Meeting ("Meeting") is being convened by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Order 2020. **Due to the current COVID-19 restriction order, a member will not be able to physically attend the Meeting. A member (including Relevant Intermediary\*\*) must appoint the Chairman of the Meeting as proxy to vote on his/her/it behalf at the Meeting if such member wishes to exercise his/her/its voting rights at the Meeting.**
2. Alternative arrangements relating to the attendance of the Meeting through electronic means, as well as conduct of the Meeting and relevant guidance with full details are set out in the accompanying Company's announcement dated 11 June 2020, which can be accessed via the SGX website at: <https://www.sgx.com/securities/company-announcements>.
3. 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) and wishes to vote should approach their respective CPF and/or SRS Operators to submit their votes to appoint the Chairman of the Meeting as their proxy, at least 7 working days before the Meeting and no later than 10 a.m. on 17 June 2020.
4. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, \_\_\_\_\_ (Name) \_\_\_\_\_ (NRIC/Passport No)  
 of \_\_\_\_\_ (Address)  
 being a member/members of **SUNRISE SHARES HOLDINGS LTD. ("Company")**, hereby appoint:

the Chairman of the Annual General Meeting ("Meeting") as my/our proxy/proxies to vote for me/us on my/our behalf at the Meeting of the Company to be held by way of electronic means on Friday, 26 June 2020 at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. In terms of proxy voting, the shareholder/shareholders must appoint the Chairman of the Meeting to act as proxy and direct the vote at the Meeting.

| No.                      | Resolutions relating to:                                                                                                                                                   | No. of votes<br>'For'*** | No. of votes<br>'Against'** | No. of Votes<br>'Abstain'** |
|--------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|-----------------------------|-----------------------------|
| <b>Ordinary Business</b> |                                                                                                                                                                            |                          |                             |                             |
| 1                        | Adoption of the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2019 together with the Independent Auditors' Report thereon |                          |                             |                             |
| 2                        | Re-election of Mr Zheng Aimin as a Director of the Company                                                                                                                 |                          |                             |                             |
| 3                        | Re-election of Mr Wong Siu Fai as a Director of the Company                                                                                                                |                          |                             |                             |
| 4                        | Approval of the payment of Directors' fees for the financial year ended 31 December 2019                                                                                   |                          |                             |                             |
| 5                        | Re-appointment of Messrs Baker Tilly TFW LLP as Auditors of the Company and to authorise the Directors of the Company to fix their remuneration                            |                          |                             |                             |
| <b>Special Business</b>  |                                                                                                                                                                            |                          |                             |                             |
| 6                        | Authority to allot and issue shares                                                                                                                                        |                          |                             |                             |

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

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2020

\_\_\_\_\_  
 Signature of Shareholder(s)  
 and/or Common Seal of Corporate Shareholder

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

\*Delete where inapplicable

**IMPORTANT: PLEASE READ NOTES OVERLEAF**

**Notes:**

**Due to the fast-evolving COVID-19 situation in Singapore, the Company may be required to change its Meeting arrangements at short notice. The Company is taking the relevant steps in accordance with the Part 4 of the COVID-19 (Temporary Measures) Act 2020.**

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. **In light of the current COVID-19 measures in Singapore, members will not be able to attend the Meeting in person. A member of the Company (including a Relevant Intermediary\*) must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the Meeting if such member wishes to exercise his/her/its voting rights at the Meeting.**
3. The Chairman of the Meeting, as proxy, need not be a member of the Company
4. The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:
  - a. if submitted by post, be lodged with the Company's Share Registrar, RHT Corporate Advisory Pte. Ltd., 30 Cecil Street #19-08 Prudential Tower Singapore 049712; or
  - b. if submitted electronically, be submitted via email to the Company's Share Registrar at [rhtcaoscar@rhtcorporate.com](mailto:rhtcaoscar@rhtcorporate.com).
  - c. via the Sunrise AGM Website at [sg.conveneagm.com/sunriseshares](http://sg.conveneagm.com/sunriseshares), in the electronic format accessible;

in either case, **by no later than 24 June 2020, 10.00 a.m., being at least forty-eight (48) hours before the time appointed for holding the Meeting and in default, the proxy form shall not be treated as valid.**

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

**In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.**

5. In the case of submission of the Proxy Form other than via the Sunrise AGM Website, the instrument appointing Chairman of the Meeting as proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its seal or signed on its behalf by an attorney duly authorised in writing or by an authorised officer of the corporation. Where the instrument appointing Chairman of the Meeting as proxy is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument, failing which the instrument may be treated as invalid.
6. 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 Companies Act, Chapter 50 of Singapore, and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
7. An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investor**") and wishes to vote, should approach their respective CPF and/or SRS Operators to submit their votes to appoint the Chairman of the Meeting as their proxy, at least seven (7) working days before the Meeting and no later than 10 a.m. on 17 June 2020.

\* 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 the instrument appointing the Chairman of the Meeting as proxy if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the Meeting as proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing the Chairman of the Meeting as proxy lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the 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 11 June 2020.



## SINGAPORE

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