Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Fax: (65) 6220 6614
Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: Sunrise Shares Holdings Ltd.

Stock code: 581

Meeting details:
Date: 30 July 2022
Time: 10.00 a.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

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Q1. As noted in the letter to shareholders, the group's continuing operations of property consultancy and management generated approximately $577,000 in revenue in FY2021 due to the termination of three existing contracts.

The details of the terminations by the company's subsidiary, Shenzhen Kimshek Consultancy, are as follows:

- consultancy service agreement (and investment loan) to Hainan Sun City Holding Company
- consultancy and service agreement with Zhuhai Huitong Real Estate Development Limited
- sales agent agreement with Zhejiang Anji Tonglin Real Estate Development Limited.

In fact, the group entered into two other contracts and terminated them on 30 June 2022. These were with:

- New Zealand Nan Fang Investment Limited
- Nan Fang (Singapore) Investment Fund Management Pte. Ltd.

(i) **Would management elaborate further on the group's business model in the property consultancy services? In particular, what are the different types of services provided and what are the deliverables?**

(ii) **For the benefit of shareholders, could management elaborate on the reasons for the terminations of the above-mentioned contracts?**

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Q2. On 21 May 2022, the company announced that Baker Tilly TFW LLP ("BT"), its current external independent auditor, had indicated to the company on 10 May 2022 that BT was unable to obtain appropriate sufficient explanations and information, nor perform any alternative procedures to satisfy themselves that the issues as highlighted were adequately resolved thus BT would not seek re-appointment as auditor of the company subsequent to the conclusion of FY2021, at the upcoming annual general meeting for FY2021 ("2021 AGM").

Accordingly, BT will cease to be the auditor of the company following the conclusion of the 2021 AGM.

BT has included a disclaimer of opinion in their independent auditor's report. The bases for the disclaimer of opinion can be found on pages 45 to 48 of the annual report. The bases are:

- Consultancy management services to New Zealand Nan Fang Investment Limited
- Sales brokerage commission
- Property consultancy and management fee
- Loan to a corporation
- Loan to Nan Fang (Singapore) Investment Fund Management Pte Ltd

The auditors have stated their observations, which centered around inconsistent representations by management and the auditors' inability to satisfy themselves with respect to the commercial rationale and substance of several corporate activities and their inability to conclude if transactions were carried out with related parties and whether the agreements were entered into on normal commercial terms.

The audit committee (AC) comprises Mr Tang An (chairman), Mr Zheng Aimin and Mr Wang Ziquan.

(i) **Can the AC help shareholders better understand the level of their involvement in the audit of the financial statements?**

As disclosed in the annual report, the AC has reviewed and is satisfied with the level of co-operation rendered by management to the external auditors (page 29).

(ii) **On what basis was the AC satisfied with the level of co-operation rendered by management to the external auditors given that the auditors have noted several inconsistent representations by management?**

(iii) **In addition, as Mr Zheng Aimin is seeking his re-election at the AGM on 30 July 2022, would the director help shareholders better understand the level of his knowledge of and familiarity with the Singapore Financial Reporting Standards (International) and Companies Act?**

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(iv) **How will the AC/board be addressing the disclaimer of opinion by the independent auditor?**

(v) **Was the board satisfied with the effectiveness of the AC at discharging its duties?**

In the directors' statement, the directors stated that the 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 so as to give a true and fair view of the financial position of the group and of the company as at 31 December 2021 (see below):

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 2021.

In the opinion of the directors:

(i) 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 46-77 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 2021 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 1967 (the "Act") and Singapore Financial Reporting Standards (International); and

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

Directors

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

Zheng Aimin	Lead Independent Director
Tang An	Independent Director
Wang Ziquan	Independent Director
Wong Siu Fai	Chairman and Executive Director

(Source: company annual report; emphasis added)

(vi) **Given the significance of the matters raised by the independent auditor in the Disclaimer of Opinion (pages 45-48 of the annual report), would the directors, especially the AC members, help shareholders better understand the basis for their opinion (page 43 of the annual report; as highlighted above)?**

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Q3. On 15 July 2022, the company announced a corrigendum to the notice of AGM. In the SGX announcement, it disclosed that the notice of AGM dated 13 July 2022 was advertised and released without sponsor's clearance due to oversight given the time restraint. The company noted that it was a breach of Rule 753(2) of the Catalist Rules.

The company informed that the date of the notice of AGM should be 15 July 2022 and that there were numerous subsequent amendments made to the notice of AGM. Shareholders should disregard the erroneously published notice of AGM and refer to the notice of AGM dated 15 July 2022.

(i) **For shareholders' understanding, what were the circumstances that led to the oversight?**

(ii) **What challenges, if any, do the directors and senior management face in meeting the requirements of the SGX Catalist Rules? What is the level of familiarity of the directors with the SGX Catalist Rules?**

(iii) **Can the company elaborate further on the level of involvement and oversight by the sponsor in the regulatory matters of the company?**

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In addition, the AGM on 30 July 2022 will be held by way of electronic means. Shareholders will not be able to ask questions at the AGM and are not able to vote online at the AGM. In the company's announcement relating to the conduct of the AGM dated 15 July 2022[1], the company had stated that no physical attendance was allowed "***in view of the circuit breaker measures…***".

2. DATE OF ANNUAL GENERAL MEETING

The Board wishes to inform shareholders that the **AGM will be held by way of electronic means on 30 July 2022 at 10.00 a.m.** The Company has today issued the following documents in connection with the AGM:

(a) Annual Report for the financial year ended 2021 ("**FY2021 AR**");

(b) Sustainability Report for the financial year ended 2021 ("**FY2021 SR**");

(c) the Notice of the AGM dated 15 July 2022 ("**Notice of AGM**"); and

(d) the Proxy form.

3. ALTERNATIVE ARRANGEMENTS FOR AGM

(A) NO PHYSICAL ATTENDANCE

In view of the circuit breaker measures applicable and pursuant to the Alternative Arrangements Order, all shareholders will not be allowed to attend the AGM in person.

Alternative arrangements are instead put in place to allow all shareholders to participate in the AGM by:

(i) watching or listening to the AGM proceedings via a "live" webcast. Shareholders who wish to participate as such will have to pre-register in the manner outlined in paragraph 3(b) below;

(ii) submitting questions ahead of the AGM. Please refer to paragraph 3(c) below for further details; and

(iii) voting by proxy at the AGM. Please refer to paragraph 3(d) below for further details.

(iv) 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.

(Source: company announcement dated 15 July 2022; emphasis added)

(iv) **Can the directors and the sponsor help shareholders better understand the reasons for holding a virtual AGM given that the circuit breaker measures have been removed since 1 June 20*20*?**

[1] https://links.sgx.com/FileOpen/SSHL%20-%20Announcement%20Relating%20to%20AGM.ashx?App=Announcement&FileID=723781

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(v) **What is the level of oversight/involvement of the independent directors and the sponsor in the company's communications and engagement with shareholders?**

^On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so. On 9 April 2021, it was announced that the alternate arrangements for meetings ("Meetings Order") would be extend beyond 30 June 2021 until it is revoked or amended by the Ministry of Law. Accordingly, until such time, issuers may continue to utilise the Checklist issued by ACRA, MAS and SGX RegCo to guide entities on the conduct of their general meetings.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

Join our mailing list here to receive latest news and upcoming events.

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^ Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation (https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation)