



PROVIDING SOLUTIONS  
**EXPANDING HORIZONS**



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PROVIDING SOLUTIONS  
**EXPANDING HORIZONS**

# STATEMENT BY DIRECTORS



Dear Shareholders,

The weakening macroeconomic and geopolitical environment could impede its growth. Particularly, the slowdown in China's economic growth was coupled with i) tariff actions by the United States against China and China's retaliatory tariffs which further dampened business activities and have caused significant uncertainty which led to the decline of both equity and currency markets; and ii) deleveraging policy introduced by the Chinese government which limits the credit access for businesses in the Chinese financial sector.

Our industry, which does better when markets are buoyant and more certain, has been negatively impacted by these headwinds. Although our principal business activity is not entirely dependent on the macroeconomy of China, it is still susceptible to the level of corporate activity and buoyancy of the capital market in China.

## **KEY MILESTONES IN 2019**

Our Group has completed the disposal of our garment trading business on 28 June 2019, this move has allowed us to dispose off loss-making assets and allocate our available resources more efficiently. Following the divestment of the garment trading business, the Group has been focusing on the development and growth of its corporate advisory, financial solution and management consultancy businesses. In view of the growth and potential applications of digital transformation in the new economy, the Group has entered into a joint venture with Prisma AI Corporation Pte. Ltd. in October 2019 and incorporated a subsidiary corporation, Prisma Technologies Pte. Ltd. with a non-controlling shareholder. To this end, Prisma Technologies Pte. Ltd. has been awarded the right to manage a contract which relates to the provision of solutions for visual-based security for highway automation systems.

In the process of strengthening our business performance, we recognise the importance of integrating ESG (Environmental, Social and Governance) factors into our business model to play a part in promoting sustainability. The Group will continue to play our part for society which helps to develop sustainable development and benefits all our stakeholders.

# STATEMENT BY DIRECTORS

As testament to our repositioning, we were ranked one of the top Singapore 1,000 companies under the public listed companies category for 2019. The ranking was done by DP Information Group, one of Singapore's veteran information and credit bureau.

## 2019 PERFORMANCE REVIEW

The Group's revenue for FY2019 dipped by 63.8% to RMB3.55 million from RMB9.82 million in FY2018. This was mainly due to fewer corporate advisory contracts clinched and completed. This in turn was due to the weakening Chinese economy, the sharp decline in corporate activity and the buoyancy of the capital market in China.

Additionally, the Group has, on prudence basis, made significant expected credit losses of RMB19.29 million for loans receivable from the associated company due to the slowness of loan repayment. The slowdown of Chinese economy has had multitude of impacts, rippling across various industries and the associated company has taken a hit in its business of commercial factoring. Forward looking uncertainties arising from the recent outbreak of COVID-19 pandemic were taken consideration in assessment the adequacy of the expected credit loss made. Nevertheless, the Group will continue to work closely with its associated company on the recoverability of the outstanding loans receivable. Over and above, an impairment of RMB3.77 million was also made for the investments in joint venture and associated company.

As a result, the Group reported net loss of RMB27.39 million in the year under review against a net profit of RMB1.40 million in the previous year.

## FUTURE OUTLOOK

The Group expects the global and equity markets to remain challenging in 2020. Uncertainties led by a moderation in China's economic growth maybe be intensified by trade tensions between China and US. The equity and currency markets have both suffered unintended consequences as a result of these fallouts.

The recent outbreak of COVID-19 pandemic has swept the whole of China, spreading to hundreds of countries worldwide, including Singapore. The death toll and confirmed cases of COVID-19 is increasing on daily basis and various prevention and fighting measures were mobilized by respective countries including restriction of mobility of the large segments of population and the operation of non-fundamental businesses, restriction of visitors from other countries or enforcement of 14-day quarantine for visitors and residents, with the objective of slowing and curbing the spread of the COVID-19. The COVID-19 will add pressure to the global economy but the degree of impact is unclear and difficult to judge.

As our industry performs better when market are buoyant and more predictable, we have been impacted by recent events on the global stage. With uncertainty ensuing into the near future, we will continue to focus on the development of our corporate and financial solution advisory business while we continue to implement more cost containment measures.

In December 2019, the Group has successful conclusion of the first management contract in visual based solutions. The Group will continue to focus on possible development of the business in this exciting industry going forward.

## ACKNOWLEDGEMENTS

I would like to extend my appreciation to Mr. Wang Xin who stepped down as Executive Chairman/Executive Director on 29 November 2019. We are grateful to the invaluable contribution and guidance that he was instrumental in steering our Group's growth in the business of corporate and financial solution advisory services in the past years. As the Company has only one Executive Director at present, the Nominating Committee will continuously assess the composition of the Board of Directors, including, the appointment of Executive Directors.

Notably, I would also like to extend my appreciation to Mr. Christopher Chong Meng Tak who stepped down as Lead Independent Director on 15 August 2019 and Mr. San Meng Chee who stepped down as Independent Director on 29 April 2019. We are grateful for their invaluable contribution and guidance which they have rendered to the Group during their terms.

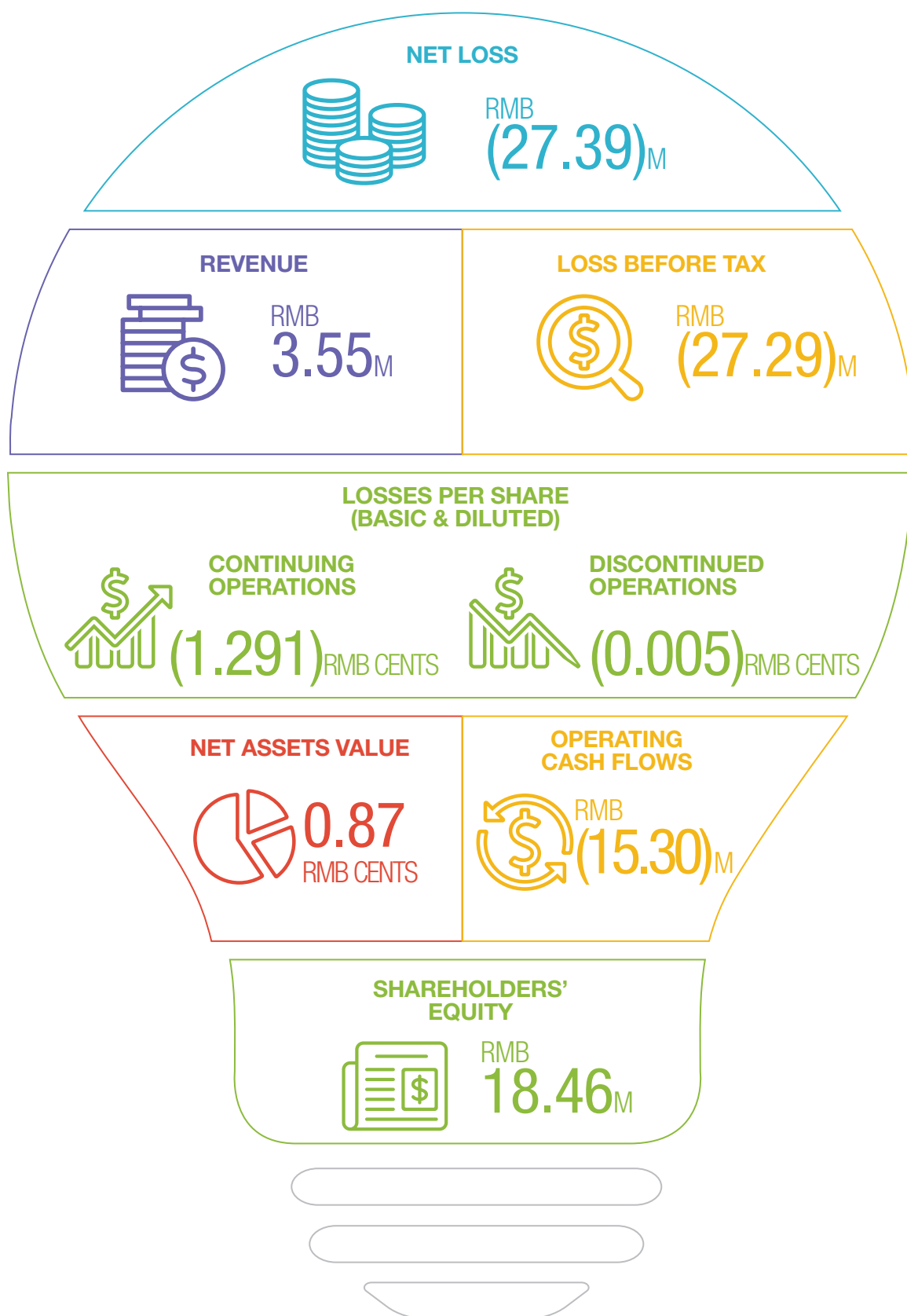
I would also like to take this opportunity to welcome Mr. Chin Sin Beng who has joined us as Independent Director on 15 November 2019. We look forward to working closely with him to deliver greater achievements.

On behalf of the Board of Directors, I would like to express my gratitude to our shareholders, business partners and associates, as well as clients and bankers for their staunch support and faith in us throughout our corporate journey. I would also like to thank the management and staff for their hard work and relentless dedication that have steered the Group through uncertainties that have evolved over the years.

On behalf of the Board of Directors

**Mr. Peng Weile (Leo)**  
Executive Director

# FINANCIAL HIGHLIGHTS



# FINANCIAL REVIEW

## FINANCIAL PERFORMANCE

The core businesses of the Group comprise of providing strategic planning, corporate advisory, financial restructuring advisory and management consultancy services. The Group's revenue for the financial year ended 31 December 2019 ("FY2019") decreased by RMB6.27 million, from RMB9.82 million for the financial year ended 31 December 2018 ("FY2018") to RMB3.55 million for FY 2019. The fall in revenue is mainly due to the continuous slowdown in Chinese corporate activities coupled with the US-China trade war which further dampens business activities and the deleveraging policy introduced by the Chinese Government which limits the credit access for businesses in the Chinese financial sector.

Other income of the Group decreased by RMB1.98 million from RMB3.30 million in FY2018 to RMB1.32 million in FY2019. The decrease was mainly attributable to lower sublease rental income, lower incentive grant received from Tianjin Local Tax Authority for setting up a company within the local proximity, no interest being recognized for loans to an associated company and lower interest earned from fixed deposits with financial institutions.

The Group recorded a foreign currency exchange gain of approximately RMB0.37 million in FY 2019. As the Group was in net United States Dollar ("USD") and Singapore Dollar ("SGD") assets position, the appreciation of the USD and SGD against Renminbi ("RMB") contributed to the foreign currency exchange gain.

During FY2019, the Group incurred consultancy charges of RMB0.60 million to assist in completion of the consultancy deliverables to clients.

The adoption of new standard SFRS (I) 16 Leases in FY2019 resulted the Group to incur an amortization of right-of-use asset ("ROU") and interest expense for lease liability amounted to RMB1.36 million and RMB0.09 million respectively.

Employee compensation decreased by RMB0.23 million from RMB4.32 million in FY2018 to RMB4.09 million in FY2019, mainly due to reduction of number of headcounts during FY2019.

The Group recorded an expected credit loss on loans receivable ("ECL") from its associated company, Le Rong Financial Factoring Company Limited ("Le Rong") due to

slow collection of loans receivable which were overdue. The ECL amounted to RMB19.29 million representing the full amount of loans receivable from Le Rong.

The Group recorded an allowance for impairment of investment in associated company and joint venture during FY2019. The allowance for impairment of investment in associated company, Le Rong, and joint venture, TNT Global Capital Pte Ltd ("TNT") amounted to RMB1.20 million and RMB2.57 million respectively.

The Group recognized its share of losses in a joint venture and associated company of RMB0.03 million and RMB0.004 million respectively for FY2019.

As announced on 18 October 2019, both inactive direct and indirect subsidiaries namely, Forise Capital Management Company Limited ("FCMCL") and Forise Global Strategy Investment ("FGSI") were placed on voluntarily liquidation and striking off. These inactive subsidiaries are re-classified as "Discontinued Operations" and recorded net loss of RMB0.10 million in FY2019.

On 12 February 2020, FCMCL has completed its liquidation process. On the other hand, FGSI will be struck off from Registrar of Companies of Cayman Islands on 31 March 2020 and thereupon dissolved.

As a result of the above, the Group recorded a loss before tax of RMB27.29 million in FY2019.

There was an income tax credit of RMB0.003 million in FY2019.

Consequent to the above, the Group recorded a net loss of RMB27.39 million in FY2019.

## FINANCIAL POSITION

### Non-Current Assets

Non-current assets decreased by RMB3.80 million from RMB5.21 million in FY2018 to RMB1.41 million in FY2019. The decrease was mainly due to allowance for impairment of investment in associated company and joint venture amounted to RMB3.77 million for FY2019.

### Current Assets

As at 31 December 2019, the current assets of the Group amounted to RMB19.54 million and accounted for 93.3% of the Group's total assets. The Group's current assets mainly comprise of cash and cash equivalents and trade and other receivables.

# FINANCIAL REVIEW

Cash and cash equivalents decreased by RMB15.84 million from RMB22.19 million in FY2018 to RMB6.35 million, mainly due to net cash used in operating activities of RMB15.30 million and financing activities of RMB1.42 million offset with the net cash generated from investing activities of RMB0.88 million.

Trade and other receivables decreased by RMB8.55 million from RMB20.85 million in FY2018 to RMB12.30 million in FY2019. The decrease was mainly attributable to:

- I. An expected credit loss on loans receivable of RMB19.29 million from Le Rong who is facing significant financial difficulties; and
- II. Offset against the advance of RMB10.40 million made from one of the subsidiaries to a related party and trade receivables of RMB1.35 million as a result of service revenue generated from Prisma Technologies in December 2019.

Included in the current assets are the ROU asset resulting from the adoption of SFRS (I) 16 Leases. The ROU asset has been presented as current asset as the lease the office premises is effectively lesser than 12 months as at 31 December 2019.

## Current Liabilities

As at 31 December 2019, the current liabilities of the Group amounted to RMB2.49 million which were mainly trade and other payables, lease liability and current income tax liabilities.

Trade and other payables increased by RMB0.18 million from RMB1.36 million in FY2018 to RMB1.54 million in FY2019.

Increased in trade and other payables was mainly due to the reclassification of tax provision of RMB1.05 million for the Hong Kong garment trading subsidiary to other payables upon completion of disposal of the subsidiary in June 2019.

For the adoption of SFRS (I) 16 Leases, the Group capitalized its lease liability on future lease payments which has been discounted to present value. The lease liability is subsequently measured at its amortized costs.

## Shareholder's equity

Consequent to the above, total shareholder's equity decreased from RMB45.84 in FY2018 to RMB18.46 million in FY2019.

## CASH FLOW

The Group generated net cash flows used in operating activities of RMB15.30 million in FY2019. This was mainly due to increase in trade and other receivables and operating losses reported on.

Net cash generated from investing activities of RMB0.88 million for FY2019 was in relation to receipt of loan repayment from the associated company, Le Rong.

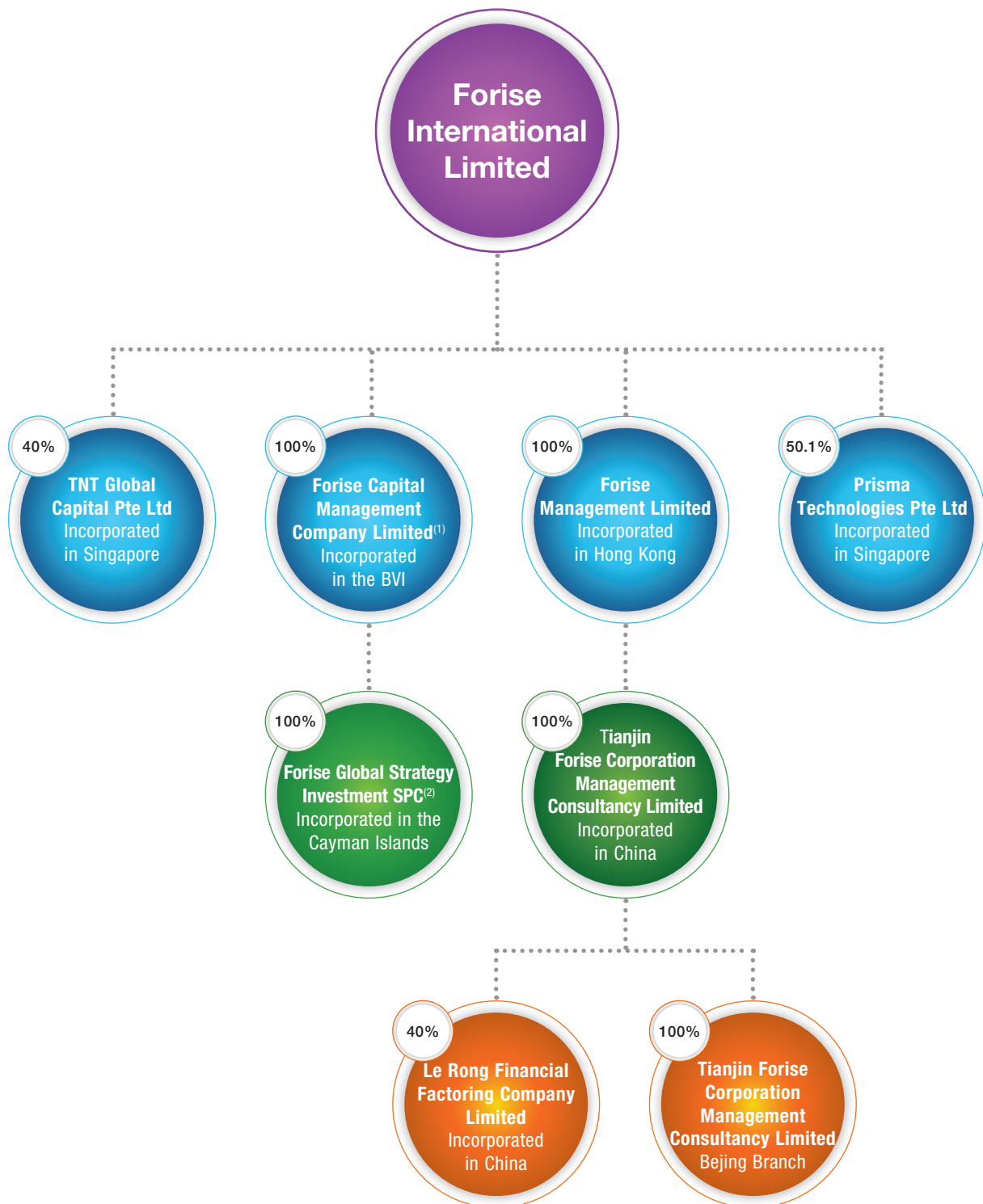
Net cash used in financing activities of RMB1.42 million was in relation to repayment of lease liability and interest expense of lease liability.

Consequent to the above, cash and cash equivalents decreased by RMB15.84 million from RMB22.19 million as at 31 December 2018 to RMB6.35 million as at 31 December 2019.





# GROUP STRUCTURE



(1) On 12 February 2020, Forise Capital Management Company Limited has completed its liquidation process and been successfully dissolved from the Registrar of Corporate Affairs of the British Virgin Islands.

(2) Forise Global Strategy Investment will be struck off from the Registrar of Companies of Cayman Islands on 31 March 2020 and thereupon dissolved.

# BOARD OF DIRECTORS



**MR. PENG WEILE** (“Mr. Leo Peng”) is the Executive Director of our Group. He was appointed to our Board on 19 August 2015 and was last re-elected at the Company’s AGM on 27 April 2018.

He has over seventeen years of experience in investment banking, direct investment, asset management, corporate advisory, financial restructuring advisory, and strategic planning, and has strong knowledge relating to the capital markets in the PRC, Hong Kong, Singapore and Australia. He has served as the Executive Director of Healthbank Holdings Limited (f.k.a. SMJ International Holdings Ltd) since October 2016 and has been appointed by several companies as their external financial advisor, to provide strategic planning, financial structuring, listing and fund raising services during the past few years. He has been involved in a number of successful listings, pursuant to which he has successfully assisted various Chinese companies in their listing on the stock exchanges in Singapore, Hong Kong and Australia, and has a very good network and in-depth knowledge of capital markets, both on-shore and off-shore. He was previously with Deutsche Morgan Grenfell Securities Ltd and HL Bank Singapore, in which he assisted companies in their fund raising from the equity capital markets in Singapore.

Mr. Leo Peng holds a Masters degree in Finance from the National University of Ireland, Dublin; and a Diploma in Wealth Management from Wealth Management Institute of Singapore.



**MR. PENG FEI** (“Mr George Peng”) is the Non-Executive Director of our Group. He was appointed to our Board on 19 August 2015 and was last re-elected at the Company’s AGM on 27 April 2018.

Mr. George Peng served as Executive Director and Chief Executive Officer (“CEO”) of Healthbank Holdings Limited (f.k.a. SMJ International Holdings Ltd), where he is responsible to drive its strategic direction, as well as manage the Group’s corporate finance investments and overseas expansion. Mr. George Peng has over 20 years of investment management experience, corporate advisory, financial restructuring advisory, strategic planning with strong knowledge relating to capital markets in the PRC, Hong Kong, Singapore and the United Kingdom.

Prior to joining the Company, Mr. George Peng served as the President of Reignwood International Investment Ltd., where he was responsible for managing the group’s overall investment portfolio activities. He had successfully assisted the company in acquiring a property in London in 2011 and led the conceptualization and execution of the plans for the development of the property into a hotel and service apartment to enhance the returns of the property. Previously, Mr. George Peng was the vice president of Aluminum Corporation of China Ltd and CHINALCO Overseas Holdings Ltd, and was responsible for CHINALCO (a Fortune 500 company)’s major overseas investment business.

Mr. George Peng holds a MSc in Finance and Investment with Distinction from Durham University, UK.

## BOARD OF DIRECTORS



**MR. AZMAN HISHAM BIN JA'AFAR** (“Mr. Azman”) is our Independent Director. He was appointed to our Board on 1 January 2019.

Mr. Azman is an Advocate & Solicitor and has more than 20 years of experience in legal practice and is currently the Managing Partner of RHTLaw Taylor Wessing LLP (the “firm”), Chairman of the firm’s ASEAN Plus Group, and heads the firm’s Indonesia Practice. He has advised and represented clients in numerous transactions involving mergers and acquisitions, corporate finance, mining, and oil and gas transactions in Singapore, China and Indonesia.

Mr. Azman is an ad hoc tutor and lecturer at the National University of Singapore Law Faculty’s Legal Case Studies Programme, and is a regular speaker at seminars on mergers and acquisitions, initial public offerings and regulatory compliance in Singapore. He is fluent in Mandarin and Bahasa Indonesia.

He obtained his LL.B (Hons) from the National University of Singapore.



**MR. CHIN SIN BENG** (“Mr. Chin”) is our Independent Director. He was appointed to the Board on 15 November 2019.

Mr. Chin is a senior partner of Foo Kon Tan LLP and has a wealth of experience spanning more than 30 years in audit and assurance practice. Mr. Chin provides comprehensive support and guides the firm’s international as well as Singapore based clients desiring to expand overseas. Mr. Chin is involved in various aspects of assurance advisory with a special focus on implications for both corporate governance and restructuring, IPO, RTO and financial investigations. Mr. Chin has done public listings on SGX, ASX and AIM. Additionally, he has conducted significant financial investigations for both local and overseas clients both listed as well as privately held businesses. Many of his local clients have business operations in the Asia Pacific region. He is also principally responsible for the firm’s People and Culture policy matters. Mr. Chin is a Director of HLB International, a global advisory and accounting network, council member of HLB International and Nomination committee member of HLB International.

Mr. Chin holds a Masters degree in Applied Finance, Macquarie University, Australia, fellow memberships of the Institute of Chartered Accountants in England & Wales (ICAEW) and the Institute of Singapore Chartered Accountants (ISCA). In addition, he is a member of ISCA Disciplinary Committee, Allied Health Professions Council Disciplinary Tribunal and Complaints Panel, the Malaysian Institute of Accountants (MIA), the Institute of Chartered Secretaries (ICSA) and the Management Committee of the Securities Investors Association Singapore (SIAS) Administrators.

# KEY MANAGEMENT

## CHEONG YEE YANG

Cheong Yee Yang joined our Group as Group Finance Manager in February 2017 and has been appointed as Group Financial Controller in March 2018. Mr. Cheong is responsible for the Group's finance, accounting and regulatory compliance functions including corporate governance, internal controls, human resource, corporate secretarial and tax matters.

Prior to joining our Group, Mr. Cheong has over 10 years of audit and assurance experience working as Auditor/Audit Manager in big four and mid-tier accounting firms.

Mr. Cheong holds a BA (Hons) Accounting and Finance from Sheffield Hallam University, UK and is a member of the Institute of Singapore Chartered Accountants ("ISCA") and a fellow member the Association of Chartered Certified Accountants ("FCCA").

## XING YUE SHENG (appointed 1 April 2019)

Xin Yue Sheng joined our Tianjin Wholly Foreign Owned Entity ("WFOE") as Investment Director in April 2019. Mr. Xing is responsible for the operations of the corporate advisory activities ("Investment") of Tianjin WFOE.

Prior to joining our Group, Mr. Xing has over 8 years of experience in corporate finance, corporate advisory (including IPO, restructuring, investment management and fund management), Merger and Acquisitions and has gained through past employments with Da Tang Jin Fund Management Limited and Wei Guang Hui Tong Cultural Tourism Investment Limited.

Mr. Xing holds a Bachelor degree in International Economics and Commerce from University of Science and Technology Beijing.

## WU LI WEI

Wu Li Wei joined our Tianjin Wholly Foreign Owned Entity ("WFOE") as Accountant in July 2018. Ms. Wu is responsible for the finance, accounting and regulatory compliance functions of Tianjin WFOE.

Prior to joining our Group, Ms Wu has over 3 years of experience in accounting and finance experience gained from a fund management company.

Ms. Wu holds a Bachelor degree in Accounting from China University of Geosciences.

## MA ZHE (Resigned on 10 April 2019)

Ma Zhe joined our Tianjin Wholly Foreign Owned Entity ("WFOE") as Investment Director in March 2018. Mr. Ma is responsible for the operations of the corporate advisory activities ("Investment") of Tianjin WFOE.

Prior to joining our Group, Mr. Ma has over 10 years of experience in corporate finance, corporate advisory (including IPO and Private Equity Funds), and has

gained through his past employments with Beijing Sevenstar Electronics Co. Ltd, HuaRong Securities and Yuncai Times Investment Group Co., Ltd.

Mr. Ma holds a Bachelor degree in Mechanical and Automation Engineering from Beijing Jiaotong University and MBA(Finance) from Central University of Finance and Economics, Beijing.

## LIU YING (Resigned on 30 October 2019)

Liu Ying joined our Tianjin Wholly Foreign Owned Entity ("WFOE") as Head of Human Resource in June 2018. Ms. Liu is responsible for the human resource matters of Tianjin WFOE.

Prior to joining our Group, Ms. Liu has over 6 years of human resource experience from LeZhu Guoji Renli Ziyuan (Beijing) Limited and Guangwei Green New Energy Co. Ltd.

Ms. Liu holds a Bachelor of Political Science and Administration from Yanshan University, China

## QIAO ZHENNI

Qiao Zhenni joined our Tianjin Wholly Foreign Owned Entity ("WFOE") as Head of Legal in November 2018. Ms. Qiao is responsible for the consultancy and legal aspects of the corporate advisory activities of Tianjin WFOE.

Prior to joining our Group, Ms. Qiao has over 8 years legal and corporate advisory experience working as lawyer in Gao Fei Consulting Services (Beijing) Limited and Compliance manager in Beijing Heyutz Investment Management Co., Ltd.

Ms. Qiao holds a Bachelor of Computer Science and Technology from China Institute of Defence Science and Technology and a Master of Law from Qingdao University, China.

## SU YUJIE (Resigned on 30 April 2019)

Su Yujie joined our Tianjin Wholly Foreign Owned Entity ("WFOE") as Financial Controller in December 2016. Ms. Su is responsible for the finance, accounting and regulatory compliance functions of Tianjin WFOE.

Prior to joining our Group, Ms. Su has over 6 years of accounting and corporate advisory experience. She was a Senior Projects Manager from ShineWing Certified Public Accountants (a Chinese accounting firm with an international network). She has participated in various offshore investments, acquisitions and merger projects undertaken by listed and unlisted companies, and have provided services such as undertaking due diligence exercises and analysis on projects to determine the management risks and internal control risks, evaluating financials of the clients etc.

Ms. Su holds a Bachelor degree in Economics (Finance) from Beijing Jiaotong University and Master in International Accounting and Financial Management from University of Glasgow, UK.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Director

Peng WeiLe (Leo)

### Non-Executive Directors

Peng Fei (George)

Chin Sin Beng

Azman Hisham Bin Ja'afar

## AUDIT COMMITTEE

Chin Sin Beng (*Chairman*)

Azman Hisham Bin Ja'afar

Peng Fei (George)

## REMUNERATION COMMITTEE

Azman Hisham Bin Ja'afar  
(*Chairman*)

Chin Sin Beng

Peng Fei (George)

## NOMINATION COMMITTEE

Azman Hisham Bin Ja'afar  
(*Chairman*)

Chin Sin Beng

Peng Fei (George)

## REGISTERED AND SINGAPORE OFFICE

80 Raffles Place

#11-20 UOB Plaza 2

Singapore 048624

Tel: (65) 65323008

Fax: (65) 65323007

## COMPANY SECRETARY

Ong Wei Jin, LL.B. (*Hons*)

## SHARE REGISTRAR AND SHARE TRANSFER

RHT Corporate Advisory Pte. Ltd.

(An In. Corp Group Company)

30 Cecil Street

#19-08 Prudential Tower

Singapore 049712

## INDEPENDENT AUDITOR

Nexia TS Public Accounting Corporation

80 Robinson Road #25-00

Singapore 068898

Director-in-charge: Low See Lien  
(*appointed since 2017*)

## PRINCIPAL BANKER

United Overseas Bank

# FINANCIAL CONTENTS

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# CORPORATE GOVERNANCE, RISK MANAGEMENT AND SUSTAINABILITY REPORTS

Forise International Limited (the “**Company**”) is committed to continually uphold high standards of corporate governance. The Company recognises the importance of a robust and sound governance framework within the Company and its subsidiaries (the “**Group**”) and is committed to maintaining it. Good corporate governance establishes and maintains a legal and ethical environment, which strives to preserve and enhance the interests of all shareholders.

On 6 August 2018, the Code of Corporate Governance 2018 (the “**Code**”) was published by the Monetary Authority of Singapore. According to the accompanying Transitional Practice Note 3, the 2018 Code will apply to Annual Reports covering financial years commencing from 1 January 2019. As such, this report outlines the Company’s corporate governance framework and practices with specific reference to the Code for the financial year ended 31 December 2019 (“**FY2019**”). The Company is pleased to report that for FY2019, the Group has adhered closely with the core principles of corporate governance laid down by the Code. Where there are any deviations from the provisions of the Code, appropriate explanations have been provided on the reason for such variations.

## 1. **BOARD MATTERS**

### 1.1 **THE BOARD’S CONDUCT OF 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.**

As at the date of this report, the Board comprises the following members:

#### **Executive Director**

Peng Weile (Leo)	Executive Director
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#### **Non-Executive Directors**

Peng Fei (George)	Non-Executive Director
Azman Hisham Bin Ja’afar	Independent Director
Chin Sin Beng	Independent Director

In ensuring proper accountability within the Company, the Board is responsible for the long-term success of the Company, holds Management accountable for performance, and exercises close oversight over key areas in corporate governance, finance, strategy, risk management and internal controls.

Apart from its statutory requirements, the Board performs the following principal functions:

- (a) provides stewardship to the Company including charting its corporate strategies and business plans;
- (b) supervises the management of the businesses and affairs of the Group and provides guidance and advice to Management;
- (c) reviews and approves the Group’s strategic plans, key operational initiatives, major funding and investment proposals;
- (d) identifies principal risks of the Group’s businesses and ensures that appropriate systems are in place to manage these risks;
- (e) oversees the evaluation of the adequacy of internal controls, addresses risk management, financial reporting and compliance, and satisfies itself as to the sufficiency of such processes;
- (f) reviews the financial performance of the Group;
- (g) evaluates the performance and compensation of senior management personnel of the Company;
- (h) assumes responsibility for corporate governance practices; and
- (i) consider corporate social responsibility and sustainability issues as part of its strategic formulation.

# CORPORATE GOVERNANCE, RISK MANAGEMENT AND SUSTAINABILITY REPORTS

## 1. BOARD MATTERS (CONTINUED)

### 1.1 THE BOARD'S CONDUCT OF AFFAIRS (CONTINUED)

The Board has also adopted internal guidelines and financial authority limits structure setting forth matters that require the Board's decision or specific approval. Matters specifically reserved to the Board for its approval are clearly communicated to Management in writing, and include:

- (a) interested persons transactions of a material nature and matters involving a conflict of interest of a substantial shareholder or a Director;
- (b) material acquisitions and disposal of assets or mergers and acquisitions;
- (c) corporate or financial restructuring;
- (d) share issuances, interim dividends and other returns to shareholders;
- (e) acceptance of bank facilities; and
- (f) any material investments or expenditures not in the ordinary course of the Group's businesses.

All Directors as fiduciaries, act objectively in the best interests of the Company, while exercising reasonable diligence in the discharge of the duties of their office.

To further assist the Board in the discharge of its responsibilities, the following board committees have been established: the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC") (collectively, the "Board Committees"). These Board Committees function within clearly defined terms of references and operating procedures, which are reviewed on a regular basis. The delegation of authority by the Board to the Board Committees enables the Board to achieve operational efficiency by empowering these Board Committees to decide on matters within their respective terms of reference and/or limits of delegated authority and yet maintain control over major policies and decisions. The effectiveness of each Board Committee is also constantly monitored. Minutes of all Board Committee meetings will be circulated to the Board so that the Directors are aware of and kept updated as to the proceedings and matters discussed during such meetings.

The Board meets at least on a quarterly basis and convenes at other times as warranted by particular circumstances to discuss the Group's key activities. Dates of the Board meetings are normally set by the Directors well in advance. In between the scheduled meetings, the Board may have ad-hoc Board meetings and/or informal discussions on matters requiring urgent attention, which would then be formally confirmed and approved by circulating resolutions in writing.

Meetings of the Board and Board Committees may be conducted by way of telephone conferencing, if necessary. The Company's Constitution permits the Directors of the Company to attend meetings through the use of audio-visual communication equipment.

The number of meetings held by the Board and Board Committees and the Directors' attendance for FY2019 are summarized in the table below:

	Board Meetings	Board Committee Meetings		
		AC	RC	NC
<b>No. of Meetings Held</b>	5	5	2	2
<b>No. of Meetings Attended</b>				
Peng Weile (Leo)	5	5	2	2
Peng Fei (George)	5	5	2	2
Azman Hisham Bin Ja'afar	5	5	2	2
Wang Xin <sup>(1)</sup>	4	4	2	2
Ching Yeh <sup>(2)</sup>	3	2	1	0
Christopher Chong Meng Tak <sup>(3)</sup>	3	4	1	2
San Meng Chee <sup>(4)</sup>	1	2	1	1
Chin Sin Beng <sup>(5)</sup>	N.A.			



# CORPORATE GOVERNANCE, RISK MANAGEMENT AND SUSTAINABILITY REPORTS

## 1. BOARD MATTERS (CONTINUED)

### 1.1 THE BOARD'S CONDUCT OF AFFAIRS (CONTINUED)

#### Notes:

- (1) Mr. Wang Xin stepped down as Chairman and Executive Director with effect from 29 November 2019.
- (2) Mr. Ching Yeh was appointed as Chief Executive Officer and Executive Director on 26 July 2019 and ceased to be the Chief Executive Officer and Executive Director with effect from 13 November 2019. As announced by the Company on 26 November 2019, Mr. Ching Yeh decided to relinquish his position as the Company and he were unable to reach an agreement in the negotiation of his remuneration package.
- (3) Mr. Christopher Chong Meng Tak ceased to be Lead independent Director with effect from 15 August 2019. He attended all meetings during his tenure of service in FY2019.
- (4) Mr. San Meng Chee ceased to be independent Director with effect from 29 April 2019. He attended all meetings during his tenure of service in FY2019.
- (5) The attendance of Mr. Chin Sin Beng is not reflected in the table above as he was appointed as an independent Non-executive Director on 15 November 2019 and there were no meetings held in FY2019 thereafter.

The Management and Executive Directors provide the Board with relevant, adequate and accurate information in a timely manner relating to matters to be brought before the Board, prior to Board meetings and on an on-going basis. They update the Board on the business and strategic developments of the Group, and also highlight the salient issues as well as the risk management considerations for the industry the Group is in. The Board is also apprised of any significant developments, receives training or briefings (either in-house or externally by auditors, company secretary, Management and/or other relevant professionals and during Board or ad hoc sessions) on business initiatives, industry developments and changes to laws, regulations and accounting standards.

Newly appointed Directors will be briefed by the relevant members of the Management team on the Group's businesses, the regulatory and commercial environment in which the Group operates and its governance policies. If a new Executive Director is appointed, the Company will provide a formal letter to the director, setting out the Director's duties and obligations. Familiarization visits to the Group's offices will be organised on a need-to basis, where necessary, to facilitate better understanding of the Group's operations and projects. First-time Directors who do not have prior experience as a director of a Singapore listed company are provided with comprehensive training. The training will cover the roles and responsibilities of a director of a listed company, which includes relevant areas such as accounting, legal knowledge and compliance. The Group sponsors relevant courses and seminars for new and existing Directors in issues beyond basic director's duties and liabilities. Our Directors, from time to time, attend appropriate courses, conferences and seminars. The Board encourages the Directors to continually develop and refresh their professional knowledge and skills, and to keep themselves abreast of relevant developments in the Group's business and the regulatory and industry-specific environments in which the Group operates.

The Directors have unrestricted access to records and information of the Group, and have separate and independent access to Management, Company Secretaries, and external advisers. The Company Secretary attends all meetings of the Board and Board Committees, and ensures that Board procedures are followed and that applicable rules and regulations are complied with. The appointment and removal of the Company Secretary is a decision of the Board as a whole.

The Directors and the Chairman of the respective Board Committees, whether as a group or individually, have the right to seek and obtain independent professional advice as and when necessary, at the expense of the Company, in furtherance of their duties and responsibilities as Directors.

# CORPORATE GOVERNANCE, RISK MANAGEMENT AND SUSTAINABILITY REPORTS

## 1. BOARD MATTERS (CONTINUED)

### 1.2 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.**

The Board currently has four (4) members, comprising one (1) Executive Director, and three (3) non-Executive Directors of which two (2) are Independent Directors. Under the Code, non-executive Directors should make up a majority of the Board, and Independent Directors should make up a majority of the Board where the Chairman is not independent. As there is a majority of independent and non-executive Directors on the Board, the requirements of the Code are met.

The criterion for independence is based on the definition given in the Code. The Code defines an Independent Director as one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, its 5% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to the best interests of the Company. The independence of each Director is reviewed annually by the NC in accordance with the definition of independence in the Code. The two (2) Independent Directors have confirmed their independence and that they do not have any interest in and any business or other relationship with the Company, its related corporations, its 5% shareholders or its officers that could interfere, or be reasonably perceived to, interfere with the exercise of their independent judgment with a view to the best interests of the Group. The NC has also reviewed and is of the view that the two (2) Independent Directors are independent in accordance with the definition of independence in the Code. Any Director who has an interest or relationship which is likely to impact their independence or conflict with a subject under discussion by the Board is required to immediately declare their interest or relationship to the Board. Where the Board requires new Independent Directors to be elected to the Board, the NC will first identify and recommend candidates to the Board, which then takes into account the views of the NC prior to determining whether the Director is independent in character and judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the Director's judgement.

As at the latest practicable date prior to the printing of this Annual Report, the Company does not currently have a Chairman. Under the Code, the Company is required to appoint a Lead Independent Director where the Company's Chairman is not independent and is conflicted. The Company is aware of the guidelines in the Code and is currently assessing its options for the appointment of a Chairman or the appointment of a Lead Independent Director as soon as practicably possible without compromising on the potential candidates' qualifications, knowledge and experiences in relation to the business of the Group. The Company will make the necessary announcement(s) as and when appropriate in accordance with the Listing Manual in the event of any further developments.

The Company currently has no Independent Directors who have served on the Board beyond nine (9) years.

The Independent Directors provide oversight on Management performance by constructively challenging and helping to develop proposals on strategy. The Non-Executive Directors and Independent Directors regularly meet without the Management's presence to review the effectiveness and performance of Management in meeting agreed goals and objectives, and feedback is thereafter provided to Management.

The Board constantly examines its size and, with a view to determining the impact of the number upon effectiveness, decides on what it considers is an appropriate size for the scope and nature of the Group's operations and for effective decision-making. The composition of the Board is reviewed on an annual basis by the NC to ensure that the Board has the appropriate balance and mix of skills, knowledge and experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate.

# CORPORATE GOVERNANCE, RISK MANAGEMENT AND SUSTAINABILITY REPORTS

## 1. BOARD MATTERS (CONTINUED)

### 1.2 BOARD COMPOSITION AND GUIDANCE (CONTINUED)

The current Board members comprise persons whose diverse skills, experience and attributes provide for effective decision-making for the Group, taking into account the nature and scope of the Group's operations. Nonetheless, the Board is committed to continuous improvement and therefore, in concurrence with the NC, the Board is of the view that more measures can be considered to ensure appropriate balance and diversity of its members so as to supplement the collective skillsets of the existing Directors and bring different perspectives to the Board. In particular, the Board is working towards the appointment of a Chairman and/or Lead Independent Director and/or more female Directors.

Key information regarding the Directors in office as at the date of this Report, including their principal commitments, are set out below and on pages 8 and 9 of this Report:

Name of Director	Date of initial Appointment	Date of last re-election	Directorships in other listed companies	
			Current	Past 3 Years
Peng Weile (Leo)	19 August 2015	27 April 2018	• HealthBank Holdings Limited	Nil
Peng Fei (George)	19 August 2015	27 April 2018	• HealthBank Holdings Limited	• Frontier Resources Limited
Chin Sin Beng	15 November 2019	–	Nil	Nil
Azman Hisham Bin Ja'afar	1 January 2019	29 April 2019	Nil	• EpiCentre Holdings Limited

### 1.3 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**

Following Mr. Wang Xin's resignation on 29 November 2019, Mr. Peng Weile (Leo) is currently the only Executive Director of the Company. The Company currently does not have a CEO. Since his appointment to the Board in August 2015, Mr. Peng Weile (Leo) has worked closely with Mr. Wang Xin in connection with the overall management, strategic development, and day-to-day operations of the Group's business. Mr. Peng Weile (Leo) has, since his appointment to the Board, been responsible for the management of the Group as well as executing all strategic directions set by the Board. As a member of the Board and the senior Management team, Mr. Peng has always been actively involved with decision-making and the formulation of strategic directions. In this regard, the NC and the Board are of the view that he has the necessary track record and experience to take over Mr. Wang Xin's duties while the Board works towards appointing a Chairman and/or Lead Independent Director.

As an Executive Director on the Board, Mr. Peng Weile (Leo) bears responsibility for ensuring that Directors and Management work together with integrity and competency. He is responsible for, amongst others, ensuring that Board meetings are held when necessary, exercising control over the quality, quantity and timeliness of information flow between the Board and Management, setting the Board meeting agenda in consultation with the Management, assisting in ensuring compliance with the Group's guidelines on corporate governance and maintaining regular dialogue with the Management on all operational matters.

# CORPORATE GOVERNANCE, RISK MANAGEMENT AND SUSTAINABILITY REPORTS

## 1. BOARD MATTERS (CONTINUED)

### 1.3 CHAIRMAN AND CHIEF EXECUTIVE OFFICER (CONTINUED)

Since there is currently no Chairman and/or Lead Independent Director on the Board, the Board is working towards appointing a Chairman and/or Lead Independent Director as soon as practicably possible, bearing in mind any potential candidates' academic and professional qualifications, knowledge and experiences in relation to the business of the Group. Where a Chairman is appointed, he will be bound by the responsibilities established and set out in writing by the Board. Where a Lead Independent Director is appointed, he will be available to the shareholders where they have concerns which cannot be resolved through the normal channels of the Executive Chairman, the Financial Controller or where such contact is not possible or inappropriate. Led by the Lead Independent Director, the Independent Directors will then meet periodically without the presence of the other Directors, and the Lead Independent Director will provide feedback to the Chairman after such meetings.

### 1.4 BOARD MEMBERSHIP

#### **Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of Directors, taking into account the need for progressive renewal of the Board**

The NC is established for the purposes of ensuring that there is a formal and transparent process for all Board appointments and overseeing the Company's succession and leadership development plans. The NC comprises three Directors, the majority of whom (including the NC Chairman) are independent, namely:

Mr. Azman Hisham Bin Ja'afar	Chairman
Mr. Chin Sin Beng	Member
Mr. Peng Fei (George)	Member

The NC functions under a set of written terms of reference which sets out its responsibilities as follows:

- (a) To make recommendations to the Board on the appointment of new Executive and Non-Executive Directors, including making recommendations on the composition of the Board generally and the balance between Executive and Non-Executive Directors appointed to the Board;
- (b) To regularly review the Board structure, size and composition and make recommendations to the Board with regards to any adjustments that are deemed necessary;
- (c) To determine the process for search, nomination, selection and appointment of new board members and be responsible for assessing nominees or candidates for appointment or election to the Board, determining whether or not such nominee has the requisite qualifications and whether or not he/she is independent;
- (d) To determine annually whether or not a Director is independent;
- (e) To ensure that all Directors would be required to submit themselves for re-nomination and re-election at regular intervals and at least once in every three (3) years, and to recommend Directors who are retiring by rotation to be put forward for re-election;
- (f) To assess whether or not a Director is able to and has been adequately carrying out his duties as a Director of the Company, particularly when he/she has multiple board representations;
- (g) To develop the process for evaluation of the performance of the Board, the Board Committees and Directors and conduct a formal assessment of the effectiveness of the Board, Board Committees and contribution by each Director; and
- (h) To review the training and professional development programs for the Board.

# CORPORATE GOVERNANCE, RISK MANAGEMENT AND SUSTAINABILITY REPORTS

## 1. BOARD MATTERS (CONTINUED)

### 1.4 BOARD MEMBERSHIP (CONTINUED)

There is a formal and transparent process for the appointment of new Directors to the Board. The NC reviews and recommends all new Board appointments and also the re-nomination and re-appointment of Directors to the Board. The NC ensures that Directors appointed to the Board possess the background, experience and knowledge in technology, business, legal, finance and management skills critical to the Company's business and that each Director contributes and brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made. In the nomination and selection process of a new Director, the NC will also take into consideration the current Board size and its composition – including the mix of expertise, skills and attributes of the Directors – and determine if the candidate's background, experience and knowledge will bolster the core competencies of the Board.

Where a vacancy arises under any circumstances, or where it is considered that the Board could benefit from the services of a new Director with particular skills, the NC, in consultation with the Board, determines the selection criteria and selects candidates with the appropriate expertise and experience for the position. The NC will evaluate the capabilities of the candidates in the area of academic and professional qualifications, knowledge and experiences in relation to the business of the Group. For new appointment of Director(s), the NC may tap on the Directors' or the Management's personal contacts, networks and recommendations. The NC will then meet with the shortlisted candidates to assess their suitability prior to recommending to the Board for approval.

Under the Company's Constitution, all Directors, including Executive Directors, must submit themselves for re-nomination and re-election at regular intervals of at least once every three (3) years. Regulation 107 of the Company's Constitution provides that one-third of the Board, or the number nearest to one-third is to retire by rotation at every Annual General Meeting ("**AGM**"). In addition, Regulation 117 of the Company's Constitution also provides that new Directors appointed during the year either to fill a casual vacancy or as an addition to the Board are required to submit themselves for re-election at the next AGM of the Company. The following Directors are retiring at the forthcoming AGM in accordance with Regulations 107 and 117:

- (a) Peng Fei (George) (per Regulation 107)
- (b) Chin Sin Beng (per Regulation 117)

Mr Peng Fei (George) and Mr Chin Sin Beng, being eligible, have offered themselves for re-election and the NC has recommended their re-election to the Board. Each of them have abstained from the NC's recommendation pertaining to his re-election respectively. In making the recommendation, the NC had considered the overall contribution and performance of aforementioned Directors.

The NC has reviewed the contribution by each Director taking into account their listed company board representations and other principal commitments. The NC has considered and taken the view that it would not be appropriate to set a limit on the number of listed company directorships that a Director may hold because Directors have different capabilities, the nature of the organisations in which they hold appointments and the kind of committees on which they serve are of different complexities, and accordingly, each Director would personally determine the demands of his competing directorships and obligations and assess the number of directorships they could hold and serve effectively. In any case, the NC notes that none of the Directors hold five or more listed company directorships. Notwithstanding the number of listed company board representations and other principal commitments which some of the Directors are holding, the NC having reviewed each Director's attendance, participation and contribution is of the view that sufficient time and attention to the affairs of the Company has been given by these Directors and is satisfied that all Directors have discharged their duties adequately for FY2019.

None of the Directors has appointed an alternate director.

# CORPORATE GOVERNANCE, RISK MANAGEMENT AND SUSTAINABILITY REPORTS

## 1. BOARD MATTERS (CONTINUED)

### 1.5 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.**

Annually, the NC performs an evaluation of the overall effectiveness of the Board, the Board Committees and each individual Director. The evaluation process is undertaken as an internal exercise and involves Board members completing detailed evaluation forms covering areas relating to a number of factors, including the discharge of the Board functions, access to information, participation at Board meetings and communication and guidance given by the Board to the Management. Feedback on the key areas was also given as part of the evaluation process.

Each Director will assess the Board's performance as a whole and provide the feedback to the NC. A similar evaluation process is also conducted by each member of the Board Committees and the Board Committee members will evaluate the relevant Board Committee and provide feedback to the NC. In reviewing the Board's effectiveness as a whole and the Board Committees, the NC will take into account the feedback from Board and Board Committee members as well as the Director's individual skills and experience. The annual evaluation process facilitates consideration by the Board of its membership, including renewal considerations. The results of the evaluation exercise will be considered by the NC, and a summary report will be compiled, with a view to implementing certain recommendations to further enhance the effectiveness of the Board's oversight of the Group. The contribution of each individual Director to the effectiveness of the Board and Board Committee is assessed individually and reviewed by the NC. In assessing an individual Director's and Board Committee's performance, factors that are to be taken into consideration include attendance at Board meetings and related activities, adequacy of preparing for board meetings, contributions in specialist areas, generation of constructive ideas, and maintenance of independence.

The NC, having reviewed the overall performance of the Board and the Board Committees in terms of its roles and responsibilities and the conduct of its affairs as a whole, and each individual Director's performance, is of the view that the performance of the Board and each individual Director has been satisfactory for FY2019. Each member of the NC has abstained from voting on any resolution and making any recommendations and/or participating in any deliberations of the NC in respect of the assessment of his performance or re-nomination as a Director.

No external facilitator was used in the evaluation process.

# CORPORATE GOVERNANCE, RISK MANAGEMENT AND SUSTAINABILITY REPORTS

## 2. REMUNERATION MATTERS

### 2.1 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**

The RC comprises three Directors, all of whom are non-executive Directors and a majority of whom (including the Chairman) are independent, namely:

Mr. Azman Hisham Bin Ja'afar	Chairman
Mr. Chin Sin Beng	Member
Mr. Peng Fei (George)	Member

The RC functions under a set of written terms of reference which sets out its responsibilities as follows:

- (a) To recommend to the Board a framework for remuneration for the Directors and key executives of the Company, and determine the specific remuneration package for each Executive Director;
- (b) To review the remuneration package of senior management being the top five (5) key management personnel of the Company;
- (c) To perform an annual review of the remuneration of employees related to the Directors and controlling shareholders of the Company to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. The RC will also review and approve any bonuses, pay increase and/or promotions for these employees; and
- (d) To review and approve the overall compensation policy of the Company.

All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses and benefits in kind, will be reviewed by the RC. The recommendations of the RC will be submitted to the Board for endorsement. Each RC member will abstain from voting on any resolution and making any recommendations in respect of his remuneration package. The overriding principle is that no Director should be involved in deciding his own remuneration.

The RC may from time to time, and where necessary or required, engage independent external consultants in framing the remuneration policy and determining the level and mix of remuneration for Directors and management and ensure that existing relationships, if any, between the Company and its appointed consultants will not affect the independence and objectivity of the consultants.

The RC has met to consider and review the remuneration packages of the Directors and key management personnel, including those employees related to the Executive Directors and controlling shareholders of the Company. During FY2019, the RC did not require the services of an external remuneration consultant.

# CORPORATE GOVERNANCE, RISK MANAGEMENT AND SUSTAINABILITY REPORTS

## 2. REMUNERATION MATTERS (CONTINUED)

### 2.2 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**

In setting remuneration packages, the Company takes into account pay and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of individual Directors and key management personnel.

The Independent Directors and Non-Executive Director of the Company do not have service agreements. They receive Directors' fees, which is appropriate to their level of contribution takes into account other factors such as effort, time spent and responsibilities. The RC recognises the need to pay competitive fees to attract, motivate and retain such Independent Directors, yet not overcompensate them to the extent that their independence may be compromised. Directors' fees are recommended by the Board for approval by the shareholders at the Company's annual general meeting.

The Executive Directors have service contracts covering the terms of employment, salaries and other benefits. The RC seeks to ensure that the level and mix of remuneration for Executive Directors are competitive and promote the Group's long-term success. The Executive Directors have an employment term of not more than three (3) years and remuneration package consisting of fixed salary, bonus and performance bonus linked to corporate and individual performance.

The Company's compensation framework comprises of fixed pay and short-term and long-term incentives. The Company subscribes to linking executive remuneration to corporate and individual performance, based on an annual appraisal of employees and using indicators such as core values, competencies, key result areas, performance rating, and potential of the employees. Long-term incentive schemes are put in place to motivate and reward employees and align their interests to maximise long-term shareholder value.

### 2.3 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.**

To maintain the confidentiality of the remuneration policies of the Company, the Board is of the view that it is in the best interests of the Company not to fully disclose the remuneration of each individual Executive Director.



# CORPORATE GOVERNANCE, RISK MANAGEMENT AND SUSTAINABILITY REPORTS

## 2. REMUNERATION MATTERS (CONTINUED)

### 2.3 DISCLOSURE ON REMUNERATION (CONTINUED)

#### Details of remuneration of Directors

The breakdown of remuneration paid to or accrued to each Director for FY2019 is as follows:

Remuneration Band and Name of Director	Director Fees % <sup>(1)</sup>	Salary %	Bonus %	Total %	Total S\$ ('000)
<b>Below S\$250,000</b>					
Peng Weile (Leo)	–	93.6	6.4	100	*
Peng Fei (George)	100	–	–	100	36
Wang Xin <sup>(2)</sup>	–	86.9	13.1	100	*
Chin Sin Beng <sup>(3)</sup>	100	–	–	100	6
Azman Hisham Bin Ja'afar	100	–	–	100	45
Christopher Chong Meng Tak <sup>(4)</sup>	100	–	–	100	34
San Meng Chee <sup>(5)</sup>	100	–	–	100	15

#### **Notes:**

- (1) The Directors' fees were approved at the Company's Annual General Meeting held on 29 April 2019.
- (2) Mr. Wang Xin ceased to be the Chairman and Executive Director of the Company with effect from 29 November 2019.
- (3) Mr. Chin Sin Beng was appointed as Independent Director of the Company on 15 November 2019 and therefore did not draw any Director's fees in FY2019.
- (4) Mr. Christopher Chong Meng Tak ceased to be Lead Independent Director with effect from 15 August 2019.
- (5) Mr. San Meng Chee ceased to be Independent Director with effect from 29 April 2019.

#### Details of remuneration of top key management personnel

The Company's staff remuneration policy is based on individual's rank and role, the individual's performance, the Group's performance and industry benchmarking gathered from companies in comparable industries. The breakdown of remuneration paid to or accrued to each key management personnel for FY2019 is as follows:

Key Executives Below S\$250,000	Salary %	Bonus %	Total %
Cheong Yee Yang	92.3	7.7	100
Ma Zhe <sup>(1)</sup>	100	–	100
Su Yu Jie <sup>(2)</sup>	100	–	100
Qiao Zhenni	100	–	100
Liu Ying <sup>(3)</sup>	100	–	100
Xing Yue Sheng <sup>(4)</sup>	100	–	100
Wu Li Wei	100	–	100

#### **Notes:**

- (1) Ma Zhe resigned on 30 October 2019.
- (2) Su Yu Jie resigned on 30 April 2019.
- (3) Liu Ying resigned on 30 October 2019.
- (4) Xing Yue Sheng appointed on 1 April 2019.

# CORPORATE GOVERNANCE, RISK MANAGEMENT AND SUSTAINABILITY REPORTS

## 2. REMUNERATION MATTERS (CONTINUED)

### 2.3 DISCLOSURE ON REMUNERATION (CONTINUED)

The aggregate total remuneration paid to the top 7 key executive personnel (who are not Directors or the CEO) for FY2019 is approximately RMB1,817,000.

No termination, retirement and post-employment benefits other than payment in lieu of notice in the event of termination were included in the employment contracts of Directors and the top 7 key management personnel.

#### Details of remuneration of employees who are immediate family members of a Director

There is no employee of the Group who is an immediate family member of a Director or the CEO whose remuneration exceeded S\$50,000 for FY2019.

## 3. ACCOUNTABILITY AND AUDIT

### 3.1 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 recognizes the importance of sound internal controls and risk management practices to good corporate governance and the need to put in place a system of internal controls within the Group to safeguard shareholders' interests and the Group's assets, and to manage risks. The Board affirms its overall responsibility for the Group's system of internal controls and risk management. In this regard, the Board:

- (a) ensures that Management maintains a sound systems of risk management to safeguard shareholders' interest and the Group's assets;
- (b) determines the nature and extend of significant risks that the Board is willing to take in achieving its strategic objective;
- (c) determines the Company's levels of risk tolerance and risk policies;
- (d) oversees Management in the design, implementation and monitoring of risk management and internal control systems (including financial, operational and compliance risk), and ensures that the necessary corrective actions are taken on a timely basis; and
- (e) reviews annually the adequacy and effectiveness of the risk management policies and systems, and key internal controls.

There are formal procedures in place for the independent auditor to report on the internal controls and risk management and to make recommendations to Management and to the AC independently in this regard.

The Board reviews the effectiveness of the Group's material internal controls, including financial, operational and compliance controls and risk management. In this respect, the AC reviews the audit plans, and the findings of the independent auditor and will ensure that the Company follows up on the auditors' recommendations raised, if any, during the audit process. The key management personnel will also regularly evaluate, monitor and report to the AC on material risks. While no cost effective internal control system can provide absolute assurance against loss or misstatement, the AC, with the participation of the Board, has reviewed the adequacy of the Group's internal controls and systems to ensure that they are designed to provide reasonable assurance that assets are safeguarded, operational controls are in place, business risks are suitably managed, proper accounting records are maintained and the integrity of financial information used for business and publication are preserved.

# CORPORATE GOVERNANCE, RISK MANAGEMENT AND SUSTAINABILITY REPORTS

## 3. ACCOUNTABILITY AND AUDIT (CONTINUED)

### 3.1 RISK MANAGEMENT AND INTERNAL CONTROLS (CONTINUED)

The Group has adopted the Enterprise Risk Management (“**ERM**”) framework pursuant to which it has established risk management policies and guidelines for adoption. The ERM framework, is based on the framework proposed by the Committee of Sponsoring Organizations of the Treadway Commission (“**COSO**”), is designed to enable Management to address the operational risks, financial risks, compliance risks of key operating units in the Group. This is done by assessing its existing key systems, policies and processes to identify potential risk areas and to set out mitigating best practices.

For FY2019, the Board also received assurance from the Financial Controller and the Executive Director that the financial records were properly maintained, the financial statements gave a true and fair view of the Company and the Group’s operations and finances, and regarding the effectiveness of the company’s risk management and internal controls system.

Based on the internal controls established and maintained by the Group including the ERM, work performed by the internal and external auditors and reviews performed by Management, various Board committees and the Board, in accordance with Rule 1207(10) and Rule 719(1) of the Listing Manual of the SGX-ST (“**Listing Manual**”), the Board, with the concurrence of the AC, is of the opinion that the Group’s internal controls, addressing financial, operational, compliance, information technology and risk management system, were adequate and effective for FY2019.

### 3.2 AUDIT COMMITTEE

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

The AC comprises three Directors, all of whom are non-executive Directors and a majority of whom (including the Chairman) are independent, namely:

Mr. Chin Sin Beng	Chairman
Mr. Azman Hisham Bin Ja’afar	Member
Mr. Peng Fei (George)	Member

None of the AC members were former partners or directors of the Company’s external auditor within the last two years or hold any financial interest in the external auditor.

The members of the AC including the AC Chairman have recent and relevant experience or expertise in accounting and financial management, and the Board is of the view that the members of the AC are qualified to discharge the AC’s responsibilities. The AC assists the Board in discharging its responsibility to safeguard assets, maintain adequate accounting records, and develop and maintain effective system of internal controls, with the overall objective of ensuring that management creates and maintains an effective control environment in the Company. The AC provides a channel of communication between the Board of Directors, the Management and the independent auditors of the Company on matters relating to audit.

# CORPORATE GOVERNANCE, RISK MANAGEMENT AND SUSTAINABILITY REPORTS

## 3. ACCOUNTABILITY AND AUDIT (CONTINUED)

### 3.2 AUDIT COMMITTEE (CONTINUED)

The AC functions under a set of written terms of reference which sets out its responsibilities as follows:-

- (a) To review the scope and results of the audit and its cost effectiveness;
- (b) To review significant financial reporting issues and judgements so as to ensure integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance;
- (c) To review the quarterly, half-yearly and full year financial results before submission to the Board for approval;
- (d) To review the assistance and co-operation given by Management and the officers of the Group to the auditors;
- (e) To review the internal audit programme and ensure co-ordination between the internal auditors and independent auditors and Management;
- (f) To review the scope and results of the internal audit procedures and the internal auditors' report;
- (g) To discuss problems and concerns, if any, arising from audits, and any matters which the auditors may wish to discuss (in the absence of management, where necessary);
- (h) To review and approve interested person transaction (if any) falling within the scope of Chapter 9 of the Listing Manual, and to ensure that they are carried out on normal commercial terms and in accordance with the internal control procedures;
- (i) To review potential conflicts of interests, if any;
- (j) To review the independence and objectivity of the independent auditors annually;
- (k) To undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of AC;
- (l) To undertake such other functions and duties as may be required by statute or the Listing Manual, and by such amendments made thereto from time to time;
- (m) To make recommendations to the Board on the appointment, re-appointment and removal of the independent auditors, and approving the remuneration and terms of engagement of the independent auditors; and
- (n) To review the adequacy of the Company's internal financial controls, operational and compliance controls, and risk management policies and systems established by the management.

The AC has the power to conduct or to authorise investigations into any matters within the AC's scope of responsibility. The AC will also commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls, or infringement of any law, rule or regulation which has or is likely to have a material impact on the Group's operating results or financial position. The AC is authorised to obtain independent professional advice if it deems necessary in the discharge of its responsibilities. Such expenses are to be borne by the Group. Each member of the AC will abstain from any deliberations and/or voting in respect of matters in which he is interested.

The AC is given full access to and co-operation of the Management, has full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions. It meets with the independent auditors, without the presence of Management, at least once a year.

# CORPORATE GOVERNANCE, RISK MANAGEMENT AND SUSTAINABILITY REPORTS

## 3. ACCOUNTABILITY AND AUDIT (CONTINUED)

### 3.2 AUDIT COMMITTEE (CONTINUED)

For the year reported on, the AC reviewed and approved the scope of the audit plans of the independent auditors. In its recommendation to the Board to approve the full year financial statements, the AC reviewed the results of the audit, significant findings or areas of emphasis and audit recommendations. The AC also discussed with Management the various accounting principles that were applied and the bases of the assumptions and methodologies used by Management in relation to matters of significant impact. In particular, the following key audit matters identified by the independent auditors were discussed with Management and the independent auditors and reviewed by the AC.

The Board recognises the importance of maintaining an internal audit function to provide an independent assurance over the soundness of the system of internal controls within the Group to safeguard shareholders' investments and the Company's assets. The internal audit function has unfettered access to all the Company's records, documents, properties and personnel, including the AC, and has appropriate standing within the Company. The primary reporting line of the internal audit function is also to the AC. The AC has the responsibility to review the adequacy of the internal audit function annually, review the internal audit program and ensure co-ordination between the internal auditors, independent auditors and Management. The AC ensures that the internal auditors meets or exceeds the standards set by nationally or internationally recognised professional bodies, and also decides on the appointment, termination and remuneration of the head of the internal audit function.

The Company confirms that the appointment of the external and independent auditors, Messrs Nexia TS Public Accounting Corporation ("**Nexia**"), an accounting firm registered with the Accounting and Corporate Regulatory Authority, is in accordance with Rule 712 and 715 of the Listing Manual. Nexia prepares an audit plan for the group on an annual basis and presents such audit plan to the AC for its review and concurrence. The AC has reviewed and noted that there were no non-audit services provided to the Group by the independent auditors. The AC had recommended the re-appointment of Nexia as independent auditors at the forthcoming AGM. The AC is satisfied that Nexia and the audit engagement team assigned to the audit have adequate resources and experience to meet its obligations. The fees paid/payable to Nexia, the independent auditors, for FY2019 was approximately S\$52,000.

The AC also met with the internal and external auditors without the presence of Management to obtain feedback on the competency and adequacy of the finance function, to review the assistance given to the internal and external auditors, and to discuss the financial reporting process and the Group's financial condition.

The AC is kept abreast of changes to accounting standards and issues which may have an impact on the financial statements, by the Management and through presentations by the auditors of changes in financial reporting standards and issues which have a direct impact on financial statements.

#### Whistle Blowing Policy

To encourage proper work ethics and deter any wrongdoing within the Group, the Group has established a whistle-blowing policy, as approved by the AC and adopted by the Board, for the purpose of providing a channel for the Group's employees and external parties to raise concerns in good faith and in confidence about possible improprieties in matters of financial reporting or other matters such as possible corruption, suspected fraud and other non-compliance issues. The AC will review the issues and/or concerns raised and ensure that necessary arrangements are in place for the independent investigation of issues and/or concerns raised by the employees and external parties and for appropriate follow-up actions. Details of the whistle-blowing policies and arrangements have been made available to the Group's employees and external parties. Information received pertaining to whistle blowing will be treated with confidentiality and restricted to the designated persons-in-charge of the investigation to protect the identity and interest of whistle-blowers.

There were no reported incidents pertaining to whistle-blowing during FY2019 and until the date of this Annual Report.

# CORPORATE GOVERNANCE, RISK MANAGEMENT AND SUSTAINABILITY REPORTS

## 4. SHAREHOLDERS RIGHTS AND ENGAGEMENT

### 4.1 SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

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

The Board is accountable to shareholders and aims to provide the shareholders with a balanced and understandable assessment of the Group's performance, position and prospects by furnishing timely information and ensuring full disclosure of material information to shareholders in compliance with statutory requirements and the Listing Manual. The Management is responsible to the Board and the Board itself is accountable to the shareholders of the Company. The Board is provided with the management accounts of the Group's performance and position on a quarterly basis. The Board has also taken steps to ensure compliance with legislative and regulatory requirements.

In line with continuous disclosure obligations of the Company, pursuant to the Listing Manual and the Companies Act, Chapter 50 of Singapore, the Board's policy is that shareholders are informed of all major developments that impact the Group regularly and on a timely basis. The Company believes in timely, fair and adequate disclosure of relevant information to the Shareholders and investors so that they will be apprised of the developments that may have a material impact on the price or value of Company's securities. The Company does not practice selective disclosure. Price sensitive information will be publicly released either before the Company meets with any group of investors or analysts or simultaneously with such meetings. Financial results and annual reports will also be announced or issued within legally prescribed periods.

The annual general meeting ("**AGM**") of the Company is a principal forum for dialogue and interaction with all shareholders. The Board encourages shareholders to attend the Company's general meetings to ensure a greater level of shareholder participation and to meet with the Board and key management staff so as to stay informed on the Group's developments. The Directors regard AGMs as an opportunity to communicate directly with shareholders and encourage greater shareholder participation.

All shareholders of the Company receive annual reports and are informed of shareholders' meetings through notices published in the newspapers and reports or circulars sent to shareholders. Shareholders are invited at such meetings to put forth any questions they may have on the motions to be debated and decided upon. If any shareholder is unable to attend, he is allowed to appoint up to two (2) proxies to vote on his behalf at the meeting through proxy forms sent in advance. Corporations which provide nominee or custodial services can appoint more than two (2) proxies to allow such shareholders who hold shares through such corporations to attend and participate in general meetings as proxies.

The Directors, including the Chairman of each Board and Board Committees will as much as possible present to address shareholders' questions at the annual general meeting. The Board will also engage in dialogue with shareholders at the AGM, to gather views or inputs and address shareholders' concerns.

The Chairpersons of the AC, RC and NC are normally available at shareholders' meetings to answer those questions relating to the work of these Board Committees. The Company's independent auditors will also be present to address queries by shareholders in respect of its audit opinion. To ensure that all the Shareholders have the opportunity to participate effectively in and vote at general meetings, voting at general meetings of the Company will henceforth be conducted by poll. The Chairman of the meeting, with the assistance of service providers engaged by the Company, will brief shareholders on the procedures involved in voting by poll. An announcement of the detailed results of the poll showing the number of votes cast for and against each resolution and the respective percentages will be announced after the general meeting via SGXNET. Having undertaken a cost/benefit analysis, the Company has decided not to employ electronic polling at this juncture.

At shareholders' meetings, each distinct issue is proposed as a separate resolution. Each item of special business included in the notice of meetings will be accompanied by the relevant explanatory notes. This is to enable the shareholders to understand the nature and effect of the proposed resolutions.

# CORPORATE GOVERNANCE, RISK MANAGEMENT AND SUSTAINABILITY REPORTS

## 4. SHAREHOLDERS RIGHTS AND ENGAGEMENT (CONTINUED)

### 4.2 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.**

Communication with shareholders is managed by the Board. Pertinent information is communicated to shareholders on a regular and timely basis through the following means:

- (a) Results and annual reports are announced or issued within the mandatory period;
- (b) Material information are disclosed in a comprehensive, accurate and timely manner via SGXNET and the press; and
- (c) The Company's annual and extraordinary general meetings

The Company Secretary records minutes of all general meetings and substantial and relevant comments or queries from shareholders relating to the agenda of the meeting together with responses of the Board and Management. The Company publishes minutes of its general meetings on its corporate website as soon as practicable including minutes of the upcoming AGM.

The Company does not practise selective disclosure and price sensitive information is publicly released on an immediate basis where required under the Listing Manual. However, in the event that unpublished material information is inadvertently disclosed to any selected person in the course of the Group's interactions with the investing community, a media release or announcement will be released to the public via SGXNET to disclose and/or address such material information.

The Company welcomes the views of shareholders on matters affecting the Company, whether at shareholders' meetings or on an ad hoc basis. At shareholders' meetings, shareholders are given the opportunity to communicate their views and to ask the Directors and Management questions regarding the Group. The Company is open to meetings with investors and analysts, and in conducting such meetings, is mindful to ensure fair disclosure.

The Company does not have a fixed dividend policy. The payment of dividend is deliberated by the Board annually having regard to various factors, including the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the Directors may deem appropriate. Where dividends are not paid, the Company discloses the reasons.

## 5. MANAGING STAKEHOLDER RELATIONSHIPS

### 5.1 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 takes a pragmatic approach in managing stakeholders' expectations to support its long-term strategy. Pertinent information is regularly conveyed to the Shareholders through SGXNet. The corporate website ([www.foriseinternational.com](http://www.foriseinternational.com)) is maintained to communicate and engage with stakeholders. Stakeholders may also send their queries to the address provided on the corporate website – "contact@foriseinternational.com".

# CORPORATE GOVERNANCE, RISK MANAGEMENT AND SUSTAINABILITY REPORTS

## ADDITIONAL INFORMATION

### 6. MATERIAL CONTRACTS

Save as disclosed in paragraph 8 entitled Interested Party Transactions, there were no material contracts entered into by the Company or its subsidiaries involving the interests of the CEO, Directors or controlling shareholders, which are either still subsisting at the end of FY2019 or if not then subsisting, entered into since the end of the previous financial year.

### 7. DEALINGS IN SECURITIES

The Company has adopted a policy on dealings in securities in accordance with Rule 1207(19) of the Listing Manual. The Directors and officers are prohibited to deal in the Company's securities, during the period beginning one (1) month and two (2) weeks before the date of the announcement of the full year and quarterly results respectively and ending on the date of the announcement of the relevant results. In addition, the officers of the Company are reminded (i) not to deal with the Company's securities for a short term considerations or if they are in possession of unpublished material price-sensitive information; and (ii) that they are required to report on their dealings in shares of the Company. The Directors and employees are also advised to observe the insider trading laws at all times even when dealing in securities within the permitted trading periods.

### 8. INTERESTED PERSON TRANSACTIONS

The Group has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that transactions are conducted on an arm's length basis that are not prejudicial to the interests of the shareholders. When a potential conflict of interest occurs, the Director concerned will be excluded from discussions and refrain from exercising any influence over other members of the Board.

During the financial period under review, the Group did not have a shareholders' mandate pursuant to Rule 920 of the Listing Manual.

There were no interested person transactions for the year ended 31 December 2019.

#### **Disclosure of the status on the use of proceeds raised from Rights Issue allotted and issued on 18 August 2015**

As at 31 December 2019, the proceeds for the rights issue has been fully utilized, and the details of the utilization of proceeds are as follows:

<b>Intended use of Net Proceeds</b>	<b>Amount re-allocated (S\$ million)</b>	<b>Amount utilized (S\$ million)</b>	<b>Balance (S\$ million)</b>
To fund new potential investments and businesses through acquisitions, joint ventures and/or collaborations in businesses	4.27	(4.27)	–
For general working capital purposes <sup>(1)</sup>	4.50	(4.50)	–
<b>Total</b>	<b>8.77</b>	<b>(8.77)</b>	<b>–</b>



# CORPORATE GOVERNANCE, RISK MANAGEMENT AND SUSTAINABILITY REPORTS

## 8. INTERESTED PERSON TRANSACTIONS (CONTINUED)

**Note:**

(1) The breakdown of S\$4.50 million utilized for general working capital is set out as follows:

	For general working capital purposes S\$ million
Salaries	1.97
Rental	0.99
Professional fees	0.78
Others	0.76
<b>Total</b>	<b>4.50</b>

## 9. SUSTAINABILITY REPORT

We are committed to building a sustainable future for the Group and delivering long term value and sustainable returns to all our stakeholders. Our stakeholders comprise shareholders, customers, employees, suppliers and service providers, regulatory authorities, bankers and the community. While we continue to gear up for better profitability prospects and long-term growth, we continuously seek better avenues to integrate our sustainability efforts into the core of our daily operations. We believe this will create lasting value for all our stakeholders.

Our sustainability report is prepared in compliance with the requirements of Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Rules 711A and 711B, and reference the Global Reporting Initiative (GRI) Standards, Core option. The report highlights the key economic, environmental, social and governance related initiatives carried out throughout the 12-month period, from 1 January to 31 December 2019.

Our Sustainability Report will be published in our Company’s website at: [www.foriseinternational.com](http://www.foriseinternational.com). We welcome feedback from our stakeholders with regards to our sustainability efforts as this enables us to improve our policies, systems and results.

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2019 and the balance sheet of the Company as at 31 December 2019.

In the opinion of the directors,

- (a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 41 to 98 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2019 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; 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 of the Company in office at the date of this statement are as follows:

Mr Peng Fei  
Mr Peng Weile  
Mr Azman Hisham Bin Ja'afar  
Mr Chin Sin Beng (appointed on 15 November 2019)

## Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "Performance share plan" in this statement.

## Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

Holdings registered in name of director or nominee			Holdings in which director is deemed to have an interest		
At	At	At	At	At	At
21.1.2020	31.12.2019	1.1.2019	21.1.2020	31.12.2019	1.1.2019
('000)	('000)	('000)	('000)	('000)	('000)

### Company

(No. of ordinary shares)

Mr Wang Xin	-	-	-	-	1,132,148
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On 29 November 2019, Mr Wang Xin has resigned as Executive Director of the Company, hence, no disclosure made for his interests in the shares or debentures of the Company or its related corporations as at 31 December 2019 and 21 January 2020 respectively.

## Performance share plan

### Forise Performance Share Scheme

The Forise Performance Share Scheme (the "PSS" or the "Plan") for Executive Directors, Non-Executive Directors (including Independent Directors) and employees of the Group was approved by members of the Company at an Extraordinary General Meeting on 18 June 2009. The PSS is administered by the Remuneration Committee of the Company, comprising two independent directors (including the Chairman) and one Non-Executive Director of the Company, namely, Azman Hisham Bin Ja'afar (Chairman), Chin Sin Beng and Peng Fei. The purpose of the PSS is to provide an opportunity for Directors (including Non-Executive and Independent Directors) and employees of the Group, who have met performance targets, to be remunerated not just through cash bonuses but also by an equity stake in the Company so as to motivate them to greater dedication, loyalty and higher standards of performance, and to give recognition to those who have contributed to success and development of the Company and of the Group.

Under the PSS, a participant will be awarded the right to receive fully paid shares free of charge (the "Awards"), upon the participant achieving prescribed performance targets. Awards may only be vested, and consequently any shares comprised in such Awards shall only be delivered, upon the committee being satisfied that the prescribed performance targets have been achieved. There are no vesting periods beyond the performance achievement periods. The selection of participant and the number of shares which are the subject of each Award to be granted to a participant in accordance with the PSS shall be determined at the absolute discretion of the Remuneration Committee, which shall take into account criteria such as rank, job performance, years of service and potential for future development, contribution to the success and development of the Group and the extent of effort required to achieve the performance target within the performance period. The Remuneration Committee shall decide, in relation to each Award to be granted to a participant; (a) the date on which the Award is to be vested; (b) the number of shares which are the subject of the Award; (c) prescribed performance targets; (d) the performance period during which the prescribed performance targets are to be satisfied; and (e) the extent to which the Company's shares under that award shall be released on the prescribed performance targets being satisfied. Awards may be granted at any time in the course of a financial year.

The total number of new shares which may be issued pursuant to Awards granted under the PSS shall not exceed 15% of the issued share capital of the Company on the day preceding the relevant date of Awards. Subject to such adjustment as may be made to the PSS as a result of any variation in the capital structure of the Company, no more than 25% of the total number of shares in respect of which the Company may grant Awards under the PSS may be offered in aggregate to the Associates of Controlling Shareholders (as defined in the PSS) and the total number of Shares to be offered to each of its Associates must not exceed 10% of the total number of shares in respect of which the Company may grant Awards in the future.

The PSS shall continue to be in force at the discretion of the Remuneration Committee, subject to a maximum period of 10 years commencing on the date on which the PSS is approved by shareholders in general meeting, provided that the PSS may continue beyond the aforesaid period of time with the approval of shareholders in general meeting and of any relevant authorities which may then be required.

During the financial year ended 31 December 2019, the PSS has expired.

No participant was granted shares award during the financial year ended 31 December 2019 and up to the expiry date.

No performance share was awarded to controlling shareholders of the Company or their associates.

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## Share options

There were no options granted during the financial year to subscribe for unissued shares of the Company or its subsidiary corporations.

No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations.

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

## Audit committee

The Audit Committee comprises the following Directors:

Mr Chin Sing Beng (Chairman)  
Mr Azman Hisham Bin Ja'afar  
Mr Peng Fei

The Audit Committee comprise of two independent non-executive directors (including the Chairman) and one non-executive director.

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Singapore Exchange Security Trading Limited (the "SGX-ST") Listing Manual and the Code of Corporate Governance included the following:

- reviewed the audit plan of the Company's independent auditor and any recommendation on internal accounting controls arising from the statutory audit;
- reviewed the assistance given by the Company's management to the independent auditor;
- reviewed the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2019, as well as the independent auditor's report on the balance sheet of the Company and the consolidated financial statements of the Group;
- reviewed the quarterly, half-yearly and annual announcements as well as the related press releases on the results and financial position of the Company and of the Group;
- met with the independent auditor and other committees in separate sessions to discuss any matters that believe should be discussed privately with the Audit Committee;
- evaluated the quality of the work performed by the independent auditor of the Company;
- reviewed the scope and the results of internal audit procedures with the internal auditor;
- reviewed the re-appointment of the independent auditor and internal auditor of the Company; and
- reviewed the interested person transactions (as defined in Chapter 9 of the SGX-ST Listing Manual).

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## Audit committee (continued)

The Audit Committee has full access to and has the co-operation of management and has been given the resources required for it to discharge its function properly. It also has full authority and the discretion to invite any director and executive officer to attend its meetings. The independent auditor has unrestricted access to the Audit Committee.

The Audit Committee is satisfied with the independence and objectivity of independent auditor and has recommended to the Board of Directors that the independent auditor, Nexia TS Public Accounting Corporation, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

## Independent auditor

The independent auditor, Nexia TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of the directors

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**Peng Weile**  
Director

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**Azman Hisham Bin Ja'afar**  
Director

**3 April 2020**

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FORISE INTERNATIONAL LIMITED

## Report on the Audit of the Financial Statements

### *Opinion*

We have audited the accompanying financial statements of Forise International Limited (the "Company") and its subsidiary corporations (the "Group"), which comprise the consolidated balance sheet of the Group and the balance sheet 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 for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 41 to 98.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet 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)s") so as to give a true and fair view of the consolidated balance sheet of the Group and the balance sheet 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 for the financial 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.

### *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 for the financial year ended 31 December 2019. 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

#### *Area of focus*

For the financial year ended 31 December 2019, the Group's revenue amounted to RMB3.5 million. Revenue is recognised in the accounting period in which the services are rendered.

The revenue recognition differs based on the terms and conditions of the contracts. This requires management's judgement to identify the point of revenue recognition which have a significant impact on the results of the Group. Hence, we considered this as a key area of focus in our audit.

The accounting policy of the revenue recognition is disclosed on Note 2.3 to the financial statements.

## Report on the Audit of the Financial Statements (continued)

### *Key Audit Matters (continued)*

#### Revenue recognition (continued)

##### *How our audit addressed the area of focus*

In obtaining sufficient audit evidence, we:

- understood and evaluated the key controls over the sales cycle;
- reviewed all contracts identified during the financial year and identified the performance obligations in the contracts;
- determined the transaction price and where there are modifications to existing contracts that led to adjustment to revenue, reviewed any material changes to transaction price;
- evaluated management's assessment of the application of SFRS(I) 15 Revenue from Contracts with Customers and considered the appropriateness of the Group's revenue recognition accounting policies, including those related to accounting for variable considerations and contract modifications, vis-à-vis the requirements under SFRS(I) 15; and
- performed substantive audit procedures, including sales cut-off procedures as at the financial year end to ascertain revenue is recognised appropriately in the correct financial year.

#### Assessment of expected credit losses for loans due to an associated company

##### *Area of focus*

As at 31 December 2019, loans to an associated company amounted to RMB19.3 million and full allowance for impairment was made for these loans. The basis of the loss allowance for the loans to an associate company represent the management's best estimates at the balance sheet date of expected credit losses ("ECL") under SFRS(I) 9 Financial Instruments expected credit losses models.

Management have assessed whether the credit risks of loans to an associated company have increased significantly since their initial recognition and applied a three-stage impairment model to calculate their ECL. Management also assessed loss allowance using the risk parameter modelling approach that incorporates key parameters, including probability of default and estimation of the cash flows from the loans.

For ECL assessment, management had applied significant judgments and assumptions, additionally the loans to an associated company represented 52% of the total net assets of the Group, hence, we considered this as a key area of focus in our audit.

The accounting policy of impairment of financial assets is disclosed on Note 2.8(b) to the financial statements.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FORISE INTERNATIONAL LIMITED

## Report on the Audit of the Financial Statements (continued)

### *Key Audit Matters (continued)*

#### Assessment of expected credit losses for loans due to an associated company (continued)

##### *How our audit addressed the area of focus*

In obtaining sufficient audit evidence, we:

- assessed the Group's processes and key controls relating to the monitoring of amounts due from associated company including the process in determining whether an associated company is credit impaired;
- considered the age of the debts as well as the trend of collections to identify the collection risks; and
- discussed with management and the Board of Directors on the recoverability of outstanding debts.

##### *Other Information*

Management is responsible for the other information. The other information comprises the information included in the annual report, 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)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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



# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FORISE INTERNATIONAL LIMITED

## Report on the Audit of the Financial Statements (continued)

### *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.

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.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FORISE INTERNATIONAL LIMITED

## Report on the Audit of the Financial Statements (continued)

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

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

## Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

The engagement director on the audit resulting in this independent auditor's report is Low See Lien.

**Nexia TS Public Accounting Corporation  
Public Accountants and Chartered Accountants**

**Singapore**

3 April 2020

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	2019 RMB'000	2018 RMB'000
<b>Continuing operations</b>			
Revenue	4	3,553	9,822
Other income	5	1,317	3,298
Other gains, net	6	373	1,152
Expenses			
– Amortisation of right-of-use asset	13	(1,357)	–
– Allowance for impairment of investment in an associated company	18	(1,200)	–
– Allowance for impairment of investment in a joint venture	19	(2,565)	–
– Consultancy charges		(596)	–
– Depreciation	20	(13)	(23)
– Directors' fee	28(b)	(689)	(993)
– Employee compensation	7	(4,088)	(4,319)
– Impairment loss on financial assets	27(b)(iv)	(19,293)	–
– Interest expense for lease liability	14(c)	(87)	–
– Professional fees		(1,106)	(669)
– Rental on operating leases	14(d)	(440)	(3,446)
– Finance – bank charges		(18)	(19)
– Other operating expenses		(1,045)	(1,277)
Total expenses		(32,497)	(10,746)
Share of (loss)/profit of an associated company	18	(4)	17
Share of loss of a joint venture	19	(27)	(78)
(Loss)/profit before income tax		(27,285)	3,465
Income tax credit/(expense)	8	3	(1,765)
<b>Net (loss)/profit</b>		<b>(27,282)</b>	<b>1,700</b>
<b>Discontinued operations</b>			
Loss from discontinued operations, net of tax	9	(104)	(295)
<b>Total (loss)/profit</b>		<b>(27,386)</b>	<b>1,405</b>
<b>Other comprehensive income:</b>			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation			
– Gains		1	–
<b>Other comprehensive income, net of tax</b>		<b>1</b>	<b>–</b>
<b>Total comprehensive (loss)/income</b>		<b>(27,385)</b>	<b>1,405</b>

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

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	2019 RMB'000	2018 RMB'000
<b>(Loss)/profit attributable to:</b>			
– Equity holders of the Company		(27,595)	1,405
– Non-controlling interests	17	209	–
		<b>(27,386)</b>	<b>1,405</b>
<b>(Loss)/profit attributable to equity holders of the Company related to:</b>			
– (Loss)/profit from continuing operations		(27,491)	1,700
– Loss from discontinued operations		(104)	(295)
		<b>(27,595)</b>	<b>1,405</b>
<b>Total comprehensive (loss)/income attributable to:</b>			
– Equity holders of the Company		(27,594)	1,405
– Non-controlling interests		209	–
		<b>(27,385)</b>	<b>1,405</b>
<b>(Losses)/earnings per share from continuing and discontinued operations attributable to equity holders of the Company (RMB cents per share)</b>			
	10		
– Basic (losses)/earnings per share			
– Continuing operations		(1.29)	0.08
– Discontinued operations		(0.01)	(0.01)
– Diluted (losses)/earnings per share			
– Continuing operations		(1.29)	0.08
– Discontinued operations		(0.01)	(0.01)

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

# CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2019

	Note	Group	
		2019 RMB'000	2018 RMB'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	11	6,348	22,191
Trade and other receivables	12	11,890	20,225
Right-of-use asset	13	890	–
Other current assets	16	414	629
		<b>19,542</b>	<b>43,045</b>
<b>Non-current assets</b>			
Investment in an associated company	18	788	1,992
Investment in a joint venture	19	612	3,204
Property, plant and equipment	20	5	18
		<b>1,405</b>	<b>5,214</b>
<b>Total assets</b>		<b>20,947</b>	<b>48,259</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	21	1,542	1,361
Lease liability	22	914	–
Current income tax liabilities		32	1,057
<b>Total liabilities</b>		<b>2,488</b>	<b>2,418</b>
<b>NET ASSETS</b>		<b>18,459</b>	<b>45,841</b>
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders of the Company</b>			
Share capital	23	145,320	145,320
Currency translation reserve	24	1	–
Accumulated losses		(127,074)	(99,479)
		<b>18,247</b>	<b>45,841</b>
Non-controlling interests	17	212	–
<b>TOTAL EQUITY</b>		<b>18,459</b>	<b>45,841</b>

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

# BALANCE SHEET – COMPANY

AS AT 31 DECEMBER 2019

	Note	Company	
		2019 RMB'000	2018 RMB'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	11	3,559	19,527
Trade and other receivables	12	12,484	1,312
Right-of-use asset	13	890	–
Other current assets	16	370	368
		<b>17,303</b>	<b>21,207</b>
<b>Non-current assets</b>			
Investments in subsidiary corporations	17	926	1,259
Investment in a joint venture	19	612	3,204
Property, plant and equipment	20	5	17
		<b>1,543</b>	<b>4,480</b>
<b>Total assets</b>		<b>18,846</b>	<b>25,687</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	21	360	1,426
Lease liability	22	914	–
Total liabilities		<b>1,274</b>	<b>1,426</b>
<b>NET ASSETS</b>		<b>17,572</b>	<b>24,261</b>
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders of the Company</b>			
Share capital	23	145,320	145,320
Accumulated losses	25	(127,748)	(121,059)
<b>TOTAL EQUITY</b>		<b>17,572</b>	<b>24,261</b>

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Attributable to equity holders of the Company					
		Share capital	Currency translation reserve	Accumulated losses	Total equity	Non-controlling interest	Total equity
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>2019</b>							
<b>At 1 January 2019</b>		145,320	-	(99,479)	45,841	-	45,841
<b>Total comprehensive (loss)/income for the financial year:</b>							
(Loss)/income for the financial year		-	-	(27,595)	(27,595)	209	(27,386)
Other comprehensive income:							
- Foreign currency translation differences	24	-	1	-	1	-	1
Total comprehensive income/(loss) for the financial year		-	1	(27,595)	(27,594)	209	(27,385)
Transactions with owners, recognised directly in equity:							
- Issuance of shares to non-controlling interests	17	-	-	-	-	3	3
Total transactions with owners, recognised directly in equity		-	-	-	-	3	3
<b>At 31 December 2019</b>		<b>145,320</b>	<b>1</b>	<b>(127,074)</b>	<b>18,247</b>	<b>212</b>	<b>18,459</b>
<b>2018</b>							
<b>At 1 January 2018</b>		145,320	-	(100,884)	44,436	-	44,436
Total comprehensive income for the financial year		-	-	1,405	1,405	-	1,405
<b>At 31 December 2018</b>		<b>145,320</b>	<b>-</b>	<b>(99,479)</b>	<b>45,841</b>	<b>-</b>	<b>45,841</b>

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 RMB'000	2018 RMB'000
<b>Cash flows from operating activities</b>			
Total (loss)/profit		(27,386)	1,405
Adjustments for:			
– Income tax (credit)/expense	8	(3)	1,765
– Depreciation	20	13	23
– Amortisation of right-of-use asset	13	1,357	–
– Interest expense for lease liability	14(c)	87	–
– Interest income		(276)	(1,329)
– Impairment loss on financial assets	27(b)(iv)	19,293	–
– Allowance for impairment of investment in an associated company	18	1,200	–
– Allowance for impairment of investment in a joint venture	19	2,565	–
– Unrealised currency translation losses		–	(40)
– Gain on disposal of subsidiary corporations	5	(6)	–
– Share of loss/(profit) of an associated company	18	4	(17)
– Share of loss of a joint venture	19	27	78
		(3,125)	1,885
Change in working capital			
– Trade and other receivables		(12,877)	6,388
– Other current assets		215	(10)
– Trade and other payables		261	(1,623)
Cash (used in)/provided by operations		(15,526)	6,640
Interest received		273	308
Income tax paid		(46)	(2,714)
<b>Net cash (used in)/provided by operating activities</b>		<b>(15,299)</b>	<b>4,234</b>
<b>Cash flows from investing activities</b>			
Loans to an associated company		–	(17,700)
Interest received on loan from associated company		16	–
Repayment of loan from associated company		860	700
<b>Net cash provided by/(used in) investing activities</b>		<b>876</b>	<b>(17,000)</b>
<b>Cash flows from financing activities</b>			
Principal payment of lease liability		(1,333)	–
Interest expense for lease liability	14(c)	(87)	–
<b>Net cash used in financing activities</b>		<b>(1,420)</b>	<b>–</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(15,843)</b>	<b>(12,766)</b>
<b>Cash and cash equivalents</b>			
Beginning of financial year		22,191	34,957
<b>End of financial year</b>	11	<b>6,348</b>	<b>22,191</b>

## RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	1 January 2019 RMB'000	Principal and interest payments RMB'000	Interest expense RMB'000	31 December 2019 RMB'000
Lease liabilities	2,247	(1,420)	87	914

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.

The financial statements of the Group and the Company for the financial year ended 31 December 2019 were authorised for issue in accordance with a resolution of the directors on 3 April 2020.

## 1 CORPORATE INFORMATION

Forise International Limited is listed on the Singapore Exchange Security Trading Limited (the "Singapore Exchange") or (the "SGX-ST") and incorporated and domiciled in Singapore. The address of its registered office is 80 Raffles Place, UOB Plaza 2 #11-20, Singapore 048624. The principal place of business is located at House 2201, 6th floor, No. 93 Jianguo Road, Chaoyang District, Beijing, People's Republic of China ("PRC").

The principal activities of the Company is that of investment holding. The principal activities of the subsidiary corporations are disclosed in Note 17 to the financial statements.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

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

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

The financial statements are presented in Renminbi ("RMB"), which is the functional currency of the Company and have been rounded to the nearest thousand (RMB'000) unless otherwise stated.

### Interpretations and amendments to published standards effective in 2019

On 1 January 2019, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years except for the adoption of SFRS(I) 16 Leases.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.1 Basis of preparation (continued)

#### Interpretations and amendments to published standards effective in 2019 (continued)

##### Adoption of SFRS(I) 16 Leases

(a) *When the Group is the lessee*

Prior to the adoption of SFRS(I) 16, non-cancellable operating lease payments were not recognised as liabilities in the balance sheet. These payments were recognised as rental expenses over the lease term on a straight-line basis.

The Group's accounting policy on leases after the adoption of SFRS(I) 16 is as disclosed in Note 2.10 to the financial statements.

On initial application of SFRS(I) 16, the Group has elected to apply the following practical expedients:

- (i) For all contracts entered into before 1 January 2019 and that were previously identified as leases under SFRS(I) 1-17 Lease and SFRS(I) INT 4 Determining whether an Arrangement contains a Lease, the Group has not reassessed if such contracts contain leases under SFRS(I) 16; and
- (ii) On a lease-by-lease basis, the Group has:
  - (a) applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
  - (b) relied on previous assessments on whether leases are onerous as an alternative to performing an impairment review;
  - (c) accounted for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
  - (d) excluded initial direct costs in the measurement of the right-of-use ("ROU") asset at the date of initial application; and
  - (e) used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

There were no onerous contracts as at 1 January 2019.

For leases previously classified as operating leases on 1 January 2019, the Group has applied the following transition provisions:

- (i) On a lease-by-lease basis, the Group chose to measure its ROU assets at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of transition.
- (ii) Recognised its lease liabilities by discounting the remaining lease payments as at 1 January 2019 using the incremental borrowing rate for each individual lease or, if applicable, the incremental borrowing rate for each portfolio of leases with reasonably similar characteristic.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.1 Basis of preparation (continued)

#### Interpretations and amendments to published standards effective in 2019 (continued)

#### Adoption of SFRS(I) 16 Leases (continued)

##### (a) When the Group is the lessee (continued)

The effects of adoption of SFRS(I) 16 on the Group's financial statements as at 1 January 2019 are as follows:

	<b>Increase RMB'000</b>
Right-of-use asset	2,247
Lease liability	2,247

An explanation of the differences between the operating lease commitments previously disclosed in the Group's financial statements as at 31 December 2018 and the lease liabilities recognised in the balance sheet as at 1 January 2019 are as follows:

	<b>RMB'000</b>
Operating lease commitments disclosed as at 31 December 2018	2,792
Less: Short-term leases	(395)
Less: Low-value leases	(45)
Less: Discounting effects using weighted average incremental borrowing rate of 5.25%	(105)
Lease liabilities recognised as at 1 January 2019	<u>2,247</u>

##### (b) When the Group is the intermediate lessor

The Group leases an underlying asset under a head lease arrangement and subleases the same asset to third party as an intermediate lessor. Prior to the adoption of SFRS(I) 16, the sublease is classified as an operating lease when the head lease is an operating lease. The intermediate lessor recorded rental income in respect of the sublease on a straight-line basis over the term of the sublease and recorded rental expense in respect of the head lease on a straight-line basis over the term of the head lease.

Under SFRS(I) 16, accounting by the Group as an intermediate lessor depends on the classification of the sublease with reference to the ROU asset arising from the head lease rather than the underlying asset.

The accounting policy for subleases are disclosed in Note 2.10 to the financial statements.

### 2.2 Group accounting

#### (a) Subsidiary corporations

##### (i) Consolidation

Subsidiary corporations are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary corporations are fully consolidated from the date thereon when control is transferred to the Group. They are deconsolidated from the date thereon when control ceases.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Group accounting (continued)

#### (a) *Subsidiary corporations (continued)*

##### (i) *Consolidation (continued)*

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

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

##### (ii) *Acquisition*

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

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

Acquisition-related costs are expensed as incurred.

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Group accounting (continued)

#### (a) *Subsidiary corporations (continued)*

##### (iii) *Disposals*

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

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

Please refer to paragraph "Investments in subsidiary corporations, associated companies, and joint ventures" for the accounting policy on investments in subsidiary corporations in the separate financial statements of the Company.

#### (b) *Transactions with non-controlling interests*

Changes in the Group's ownership interest in a subsidiary corporation that do not result in a loss of control over the subsidiary corporation are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interests and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

#### (c) *Associated companies and joint ventures*

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%.

Joint ventures are entities over which the Group has joint control as a result of contractual arrangements, and rights to the net assets of the entities.

Investments in associated companies and joint ventures are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

##### (i) *Acquisitions*

Investments in associated companies and joint ventures are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus cost directly attributable to the acquisition. Goodwill on associated companies and joint ventures represents the excess of the cost of acquisition of the associated company or joint venture over the Group's share of the fair value of the identifiable net assets of the associated company or joint venture and is included in the carrying amount of the investments.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Group accounting (continued)

#### (c) *Associated companies and joint ventures (continued)*

##### (ii) *Equity method of accounting*

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share of its associated companies' or joint ventures' post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the associated companies or joint ventures are recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in an associated company or joint venture equals to or exceeds its interest in the associated company or joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations to make or has made, payments on behalf of the associated company or joint venture. If the associated company or joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associated companies or joint ventures are eliminated to the extent of the Group's interest in the associated companies or joint ventures. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associated companies or joint ventures are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

##### (iii) *Disposals*

Investments in associated companies or joint ventures are derecognised when the Group loses significant influence or joint control. If the retained equity interest in the former associated company or joint ventures is a financial asset, the retained equity interest is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence or joint control is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

Please refer to paragraph "Investments in subsidiary corporations, associated companies, and joint ventures" for the accounting policy on investments in associated companies and joint ventures in the separate financial statements of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 Revenue recognition

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

#### (a) *Rendering of services – Corporate advisory*

Revenue is recognised when the performance obligation as stipulated in contract is satisfied at a point in time based on the lodgement of the funds with the authority by the clients in accordance with the investment plans advised by the Group or when the clients provide written acknowledgement confirming the services has been rendered.

#### (b) *Rendering of services – Management consulting service*

Revenue from management consulting service is recognised in the accounting period at a point in time upon services rendered.

#### (c) *Interest income*

Interest income, including income arising from finance leases and other financial instruments, is recognised using the effective interest method.

#### (d) *Rental income*

Rental income from operating leases (net of any incentives given to the lessee) is recognised on a straight-line basis over the lease term.

### 2.4 Property, plant and equipment

#### (a) *Measurement*

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item 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.

#### (b) *Depreciation*

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	<u>Useful lives</u>
Furniture and fitting and office equipment	3-5 years

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.4 Property, plant and equipment (continued)

#### (b) Depreciation (continued)

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

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

#### (c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

#### (d) Disposal

On disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is recognised in profit or loss within "Other gains, net".

### 2.5 Investments in subsidiary corporations, associated company and joint venture

Investments in subsidiary corporations and associated company are carried at cost less accumulated impairment losses in the Company's balance sheet. Investment in a joint venture is recognised at cost on initial recognition and the carrying amount is increased or decreased to recognise the Company's share of the profit or loss of the joint venture after the date of acquisition. The Company's share of the joint venture's profit or loss is recognised in the Company's profit or loss.

On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

### 2.6 Impairment of non-financial assets

#### *Property, plant and equipment*

#### *Right-of-use assets*

#### *Investments in subsidiary corporations, associated company and joint venture*

Property, plant and equipment, right-of-use assets, investments in subsidiary corporations, associated company and joint venture are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.6 Impairment of non-financial assets (continued)

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

### 2.7 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

### 2.8 Financial assets

#### (a) *Classification and measurement*

The Group classifies its financial assets in the following measurement categories:

- \* Amortised cost;
- \* Fair value through other comprehensive income (FVOCI); and
- \* Fair value through profit or loss (FVPL).

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

The group reclassifies debt instruments when and only when its business model for managing those assets changes.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.8 Financial assets (continued)

#### (a) Classification and measurement (continued)

The Group's and the Company's financial assets were classified as amortised costs as at the financial year end.

##### At initial recognition

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

##### At subsequent measurement

#### (i) Debt instruments

Debt instruments mainly comprise of cash and cash equivalents and trade and other receivables.

There are three subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset;

- Amortised cost: Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised costs and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.
- Fair value through other comprehensive income ("FVOCI"): Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movement in fair values are recognised in Other Comprehensive Income (OCI) and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and presented in "Other gains, net". Interest income from these financial assets is recognised using the effective interest rate method and presented in "interest income".
- Fair value through profit or loss ("FVPL"): Debt instruments that are held for trading as well as those do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in "Other gains, net".

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.8 Financial assets (continued)

#### (b) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 27(b) details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

#### (c) 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.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sale proceeds amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset.

### 2.9 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

#### (a) Defined contribution plans

##### Singapore

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

##### PRC

The subsidiary corporations, incorporated and operating in the PRC, are required to provide certain retirement plan contribution to their employees under the PRC regulations. Contributions are provided at rates stipulated by PRC regulations and are contributed to a pension fund managed by government agencies, which are responsible for administering these amounts for the subsidiary corporations' employees. The Group has no further payment obligations once the contributions have been paid. Contributions to defined contribution retirement plans are recognised as expenses in the period in which the related services are performed.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.9 Employee compensation (continued)

#### (b) Performance shares

Benefits to employees including the directors are provided in the form of share-based payment transactions, whereby certain prescribed performance targets are met and/or upon expiry of prescribe vesting periods.

The fair value of the employee services rendered is determined by reference to the fair value of the share awarded or granted. The amounts are determined by reference to the fair value of the performance shares on the grant date.

The fair value is recognised in profit or loss over the remaining vesting period of the performance shares scheme, with the corresponding increase in equity. The value of charge is adjusted in profit or loss over the remaining vesting period to reflect expected and actual levels of shares vesting, with the adjustment made in equity. Cancellations of grants of equity instruments during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied) are accounted as an acceleration of vesting, therefore any amount unrecognised that would otherwise have been charged is recognised immediately in profit or loss.

#### (c) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

#### (d) Profit sharing and bonus plan

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision when it is contractually obliged to pay or when there is a past practice that has created a constructive obligation to pay.

### 2.10 Leases

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

#### (i) When the Group is the lessee:

The Group leases office spaces and office equipment under the operating leases from non-related parties.

- Lessee – Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the period of the lease.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.10 Leases (continued)

The accounting policy for leases before 1 January 2019 are as follows: (continued)

(i) When the Group is the lessee: (continued)

- Lessee – Operating leases (continued)

Contingent rents are recognised as an expense in profit or loss when incurred.

When an operating lease is terminated before the lease period expires, any payment made by the Group as penalty is recognised as an expense when termination takes place.

(ii) When the Group is the lessor:

The Group leases office spaces under operating leases to related parties.

- Lessor – Operating leases

Leases where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as an income in profit or loss when earned.

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

(i) When the Group is the lessee:

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

- Right-of-use assets

The Group recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

Right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Right-of-use assets with lease term shorter than 12 months at reporting date are presented within “current asset”.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.10 Leases (continued)

The accounting policy for leases from 1 January 2019 are as follows: (continued)

(i) When the Group is the lessee: (continued)

- Lease liabilities

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

Lease payments include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees
- The exercise price of a purchase option if it is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise an extension option; or
- There are modification in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

- Short term and low value leases

The Group has elected to not recognised right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.10 Leases (continued)

The accounting policy for leases from 1 January 2019 are as follows: (continued)

- (ii) When the Group is the lessor:

The accounting policy applicable to the Group as a lessor in the comparative period were the same under SFRS(I) 16 except when the Group is an intermediate lessor.

In classifying a sublease, the Group as an intermediate lessor classifies the sublease as a finance or an operating lease with reference to the right-of-use asset arising from the head lease, rather than the underlying asset.

When the sublease is assessed as a finance lease, the Group derecognises the right-of-use asset relating to the head lease that it transfers to the sublessee and recognised the net investment in the sublease within "Trade and other receivables". Any differences between the right-of-use asset derecognised and the net investment in sublease is recognised in profit or loss. Lease liability relating to the head lease is retained in the balance sheet, which represents the lease payments owed to the head lessor.

When the sublease is assessed as an operating lease, the Group recognise lease income from sublease in profit or loss within "Other income". The right-of-use asset relating to the head lease is not derecognised.

For contract which contains lease and non-lease components, the Group allocates the consideration based on a relative stand-alone selling price basis.

### 2.11 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates position taken in tax returns with respect to situation 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 recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

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

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

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.11 Income taxes (continued)

Deferred income tax is measured: (continued)

- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

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

### 2.12 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

### 2.13 Currency translation

#### (a) *Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency").

#### (b) *Transactions and balances*

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

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

Foreign exchange gains and losses impacting profit or loss are presented in profit or loss within "Other gains, net".

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.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.13 Currency translation (continued)

#### (c) *Translation of Group entities' financial statements*

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

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

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

### 2.14 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

### 2.15 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

### 2.16 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

### 2.17 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. The chief operating decision-makers have been identified as the Executive Chairman and Executive Directors who makes strategic decisions.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.18 Government grant

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

### 2.19 Discontinued operations

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

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

## 3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

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

Areas involving a higher degree of judgement or complexity, or area where estimates and assumptions are significant to the financial statements are disclosed below.

### Corporate advisory contracts and management consultancy contracts

The Group recognises revenue from corporate advisory contracts and management consultancy contracts when the outcome of a transaction involving the rendering of services can be estimated reliably.

#### *Corporate advisory contracts*

The point of recognition happens when the performance obligation as stipulated in the contract is satisfied at a point in time based on the lodgement of the funds with the authority by the clients in accordance with the investment plans advised by the Group or when the clients provide written acknowledgement confirming the services has been rendered.

#### *Management consultancy contracts*

The point of recognition happens when the performance obligation as stipulated in the contract is satisfied at a point in time upon services rendered.

Significant judgement is required in determining the timing at which the revenue should be recognised. In making the judgement, the Group relies on the expertise of the management to review the terms and conditions in the contracts and verify that the criteria for revenue recognition are met.

The amount of revenue recognised for the financial year is disclosed in Note 4 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

### Expected credit losses (“ECLs”) on loans to an associated company

ECLs are unbiased probability-weighted estimates of credit losses which are determined by evaluating a range of possible outcomes and taking into account past events, current conditions and assessment of future economic conditions. The Group has used relevant historical information and loss experience to determine the probability of default of the instruments and incorporated forward looking information, including significant changes in external market indicators which involved significant judgements and assumptions.

The Group measured the loss allowance of loans to an associated company using the three-stage general approach. A considerable amount of judgement is required in assessing the ECL which are determined by referencing to the Group’s historical observed default rates, customers’ ability to pay and adjusted with forward-looking information. The amount of loss allowance recognised for the financial year is disclosed in Note 12 to the financial statements.

## 4 REVENUE

### Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of services at a point in time in the following major service lines and geographical regions. Revenue is attributed to countries by location of customers.

	Group	
	At a point in time	
	2019 RMB’000	2018 RMB’000
Corporate advisory services		
– PRC	2,210	9,822
Management consulting services		
– Singapore	1,343	–
Total	3,553	9,822

## 5 OTHER INCOME

	Group	
	2019 RMB’000	2018 RMB’000
Interest income		
– Financial assets measured at amortised cost		
– Bank deposits	274	336
– Loans to an associated company	2	993
Rental income	377	664
Government grants		
– Paid childcare leave	2	12
– Incentive from Tianjin Local Tax Authority <sup>(a)</sup>	656	1,099
Refund of Rights Issue additional listing fee	–	194
Gain on disposal of subsidiary corporations	6	–
	1,317	3,298

(a) Incentive from Tianjin Local Tax Authority is for the purpose of incentivising local enterprises which set up companies within local proximity.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 6 OTHER GAINS, NET

	Group	
	2019 RMB'000	2018 RMB'000
Currency exchange gains, net	373	1,152

## 7 EMPLOYEE COMPENSATION

	Group	
	2019 RMB'000	2018 RMB'000
Salaries and bonuses	3,178	3,714
Employer's contribution to defined contribution plans, including Central Provident Fund ("CPF")	668	589
Other short-term benefits	242	16
Amounts attributable to continuing operations	4,088	4,319

## 8 INCOME TAX (CREDIT)/EXPENSE

	Group	
	2019 RMB'000	2018 RMB'000
Tax (credit)/expense attributable to (loss)/profit is made up of:		
– (Loss)/profit for the financial year:		
From continuing operations		
Current income tax – PRC	(19)	1,765
Current income tax – Singapore	16	–
	(3)	1,765
Tax expense is attributable to:		
– Continuing operations	(3)	1,765

Pursuant to relevant laws and regulations in PRC, subsidiaries in PRC are required to pay PRC enterprise income tax at a standard rate of 25% (2018: 25%).

Tax charges on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries, in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 8 INCOME TAX (CREDIT)/EXPENSE (CONTINUED)

The tax on the Group's (loss)/profit before income tax differs from the theoretical amount that would arise using PRC's statutory rate of income tax as follows:

	Group	
	2019 RMB'000	2018 RMB'000
(Loss)/profit before income tax:		
– Continuing operations	(27,285)	3,465
– Discontinued operations (Note 9)	(104)	(295)
	<b>(27,389)</b>	3,170
Share of loss of associated company and joint venture, net of tax	31	61
(Loss)/profit before tax and share of loss of associated company and joint venture	<b>(27,358)</b>	3,231
Tax calculated at tax rate of 25% (2018: 25%)	<b>(6,840)</b>	808
Effects of:		
– Different tax rates in other countries	569	309
– Expenses not deductible for tax purposes	6,410	1,586
– Income not subject to tax	(84)	(938)
– Tax incentive and rebate	(58)	–
Tax (credit)/charge	<b>(3)</b>	1,765

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable.

The Group has unrecognised tax losses of approximately RMB Nil (2018: RMB2,099,000) as at end of reporting year which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses in their respective countries of incorporation. Unrecognised tax losses of approximately RMB2,099,000 which was brought forward from the financial year ended 31 December 2018 arising from a subsidiary corporation which had been disposed during the financial year ended 31 December 2019 (Note 9).

## 9 DISCONTINUED OPERATIONS

The garment trading business has been increasingly challenging due to changing competitive conditions in this industry, the weakening demand in both the PRC and the global market, and trade protectionism. In view of the high risk and low reward profile of the garment trading business, the management has decided to cease this business operation in August 2017. The Company entered into a Sale and Purchase Agreement with All Garments Co. Limited on 1 February 2019 to dispose its entire interests in the garment trading group.

On 18 October 2019, the Company announced the liquidation and striking off the Group's dormant and inactive subsidiary corporations, Forise Capital Management Company Limited (Forise Capital), a company incorporated in the British Virgin Island and Forise Global Strategy Investment SPC (Forise Global), a company incorporated in the Cayman Islands. The results of Forise Capital and Forise Global were presented separately on the comprehensive income as "Discontinued operations" for the financial year ended 31 December 2019.

The discontinued operations during the financial years ended 31 December 2019 and 2018 represented discontinued operations of garment trading and liquidation and striking off Forise Capital and Forise Global.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 9 DISCONTINUED OPERATIONS (CONTINUED)

The results of the discontinued operations are as follows:

	Group	
	2019 RMB'000	2018 RMB'000
Currency exchange losses	(3)	(249)
Expenses		
– Professional fees	(101)	(50)
– Finance	–	(2)
– Other operating expenses	–	6
Loss before income tax, representing loss for the financial year from discontinued operations	<b>(104)</b>	<b>(295)</b>

There was no impact of the discontinued operations on the cash flows of the Group for the financial years ended 31 December 2019 and 2018 respectively.

## 10 (LOSSES)/EARNINGS PER SHARE

Basic (losses)/earnings per share are calculated by dividing the net (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year. For the purpose of calculating diluted (losses)/earnings per share, (loss)/earning attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all potential dilutive ordinary shares.

	Group		
	Continuing operations	Discontinued operations	Total
<b>2019</b>			
Net loss attributable to equity holders of the Company (RMB'000)	<b>(27,491)</b>	<b>(104)</b>	<b>(27,595)</b>
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	<b>2,130,000</b>	<b>2,130,000</b>	<b>2,130,000</b>
Weighted average number of ordinary shares outstanding for diluted earnings per share ('000)	<b>2,130,000</b>	<b>2,130,000</b>	<b>2,130,000</b>
Basic loss per share (RMB cents)	<b>(1.29)</b>	<b>(0.01)</b>	<b>(1.30)</b>
Diluted loss per share (RMB cents)	<b>(1.29)</b>	<b>(0.01)</b>	<b>(1.30)</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 10 (LOSSES)/EARNINGS PER SHARE (CONTINUED)

	Continuing operations	Group Discontinued operations	Total
<b>2018</b>			
Net profit/(loss) attributable to equity holders of the Company (RMB'000)	1,700	(295)	1,405
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	2,130,000	2,130,000	2,130,000
Weighted average number of ordinary shares outstanding for diluted earnings per share ('000)	2,130,000	2,130,000	2,130,000
Basic earnings/(loss) per share (RMB cents)	0.08	(0.01)	0.07
Diluted earnings/(loss) per share (RMB cents)	0.08	(0.01)	0.07

## 11 CASH AND CASH EQUIVALENTS

	Group		Company	
	2019 RMB'000	2018 RMB'000	2019 RMB'000	2018 RMB'000
Cash at bank and on hand	3,618	3,115	3,559	451
Short-term bank deposits	2,730	19,076	-	19,076
	<b>6,348</b>	22,191	<b>3,559</b>	19,527

## 12 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2019 RMB'000	2018 RMB'000	2019 RMB'000	2018 RMB'000
Trade receivables				
– Related party	1,346	-	-	-
Non-trade receivables				
– Non-related parties	190	1,125	-	43
– Related party	10,354	-	-	-
– Subsidiary corporations	-	-	12,484	1,269
Loans to an associated company	19,293	19,100	-	-
Less: Loss allowance [Note 27(b)(iv)]	(19,293)	-	-	-
	-	19,100	-	-
	<b>11,890</b>	20,225	<b>12,484</b>	1,312

The non-trade receivables from subsidiary corporations and related party are unsecured, interest-free and are repayable on demand.

The loans to an associated company by one of the subsidiary corporations are unsecured, bear interest rates ranging from 8% to 9% per annum and were due on 30 November 2019.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 13 RIGHT-OF-USE ASSET

<u>Group and company</u>	<u>Leasehold office RMB'000</u>	<u>Total RMB'000</u>
<b>2019</b>		
<b>Cost</b>		
At 1 January 2019	-	-
Adoption of SFRS(I) 16 (Note 2.1)	<u>2,247</u>	<u>2,247</u>
End of financial year	<u>2,247</u>	<u>2,247</u>
<b>Accumulated amortisation</b>		
Beginning of financial year	-	-
Amortisation charge	<u>1,357</u>	<u>1,357</u>
End of financial year	<u>1,357</u>	<u>1,357</u>
<b>Net book value</b>		
<b>End of financial year</b>	<u>890</u>	<u>890</u>

## 14 LEASES – THE GROUP AS A LESSEE

### Nature of the Group's leasing activities

The Group leases office spaces for the purpose of back office operations.

- (a) Carrying amounts of ROU asset

	Group	
	31 December 2019 RMB'000	1 January 2019 RMB'000
	Leasehold office	<u>890</u>

- (b) Amortisation charge during the year

Leasehold office	<u>2019 RMB'000</u> <u>1,357</u>
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- (c) Interest expense

Interest expense for lease liability	<u>2019 RMB'000</u> <u>87</u>
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# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 14 LEASES – THE GROUP AS A LESSEE (CONTINUED)

(d) Lease expense not capitalised in lease liabilities

Lease expense – short-term leases  
Lease expense – low-value leases  
Total

2019 RMB'000
395
45
440

(e) Total income from subleasing ROU asset in 2019 was RMB377,000.

(f) Total cash outflow for all leases in 2019 was RMB1,860,000.

## 15 LEASES – THE GROUP AS A LESSOR

### Nature of the Group's leasing activities – Group as an intermediate lessor

*Sublease – classified as operating lease*

The Group acts as an intermediate lessor under arrangement in which it subleases out office spaces to third party for monthly lease payments. The sublease periods do not form a major part of the remaining lease terms under the head leases and accordingly, the sub-leases are classified as an operating lease.

Income from subleasing the office spaces recognised during the financial year 2019 was RMB377,000 (2018: RMB664,000) (Note 5).

Undiscounted lease payments from the operating leases to be received after the reporting date are as follows:

	31 December 2019 RMB'000	1 January 2019 RMB'000
Not later than one year, representing total undiscounted lease payment	289	281

## 16 OTHER CURRENT ASSETS

	Group		Company	
	2019 RMB'000	2018 RMB'000	2019 RMB'000	2018 RMB'000
Refundable deposits	342	333	342	333
Prepayments	72	296	28	35
	414	629	370	368

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 17 INVESTMENTS IN SUBSIDIARY CORPORATIONS

	Company	
	2019 RMB'000	2018 RMB'000
<i>Equity investments at cost</i>		
<b>Beginning of financial year</b>	<b>3,316</b>	3,316
Addition <sup>(a)</sup>	<b>3</b>	–
Disposal of subsidiary corporation <sup>(b)</sup>	<b>(2,057)</b>	–
<b>End of financial year</b>	<b>1,262</b>	3,316
<i>Allowance for impairment</i>		
<b>Beginning of financial year</b>	<b>2,057</b>	2,057
Allowance charge <sup>(c)</sup>	<b>336</b>	–
Disposal of subsidiary corporation <sup>(b)</sup>	<b>(2,057)</b>	–
<b>End of financial year</b>	<b>336</b>	2,057
<i>Carrying amount</i>		
<b>End of financial year</b>	<b>926</b>	1,259

- (a) On 3 October 2019, the Company incorporated a subsidiary corporation, Prisma Technologies Pte. Ltd. ("Prisma Tech"), with a non-controlling shareholder. The paid-up capital of amounted to approximately RMB5,000 (equivalent to SGD 1,000). The Company holds 50.1% equity interests in Prisma Tech, and accordingly, the cost of investment of approximately RMB3,000 (equivalent to SGD 501) has been recognised during the financial year ended 31 December 2019.
- (b) On 1 February 2019, the Company entered into a Sale and Purchase Agreement with All Garments Co. Limited to dispose its entire interests in the garment trading group (Note 9). The effects of the disposal on the cash flows of the Group amounted to approximately RMB5 (equivalent to SGD 1). Carrying amounts of assets and liabilities as at the date of disposal have not been presented as management is of the view that they were immaterial.
- (c) As at 31 December 2019, the Company carried out a review on the recoverable amounts of its investments in subsidiary corporations. The management is of the view that the investment in Forise Capital Management Company Limited is in a net liability position and the recoverable amount of the subsidiary is deemed as nil. Consequently, an impairment loss of RMB336,000 has been recognised during the financial year ended 31 December 2019.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 17 INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

The Group had the following subsidiary corporations as at 31 December 2019 and 2018:

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by the parent and the Group		Proportion of ordinary shares held by non-controlling interests	
			2019 %	2018 %	2019 %	2018 %
<u>Held by the Company</u>						
Forise Management Limited <sup>(b)</sup>	Investment holding	Hong Kong	100	100	–	–
Forise Capital Management Company Limited <sup>(c)(e)</sup>	Provision of investment and other financial advisory services	British Virgin Islands	100	100	–	–
Prisma Technologies Pte Ltd <sup>(g)</sup>	Provision of management consultancy services	Singapore	50.1	–	49.9	–
Great Holding Limited <sup>(d)</sup>	Sale and distribution of garments and apparel production	Hong Kong	–	100	–	–
<u>Held by Forise Management Limited</u>						
Tianjin Forise Corporation Management Consultancy Limited <sup>(a)</sup>	Provision of corporate advisory and management consulting services	The PRC	100	100	–	–
<u>Held by Forise Capital Management Limited</u>						
Forise Global Strategy Investment SPC <sup>(c)(f)</sup>	Segregated portfolio company	Cayman Islands	100	100	–	–
<u>Held by Great Holding Limited</u>						
Great Fashion Trading (Shanghai) Limited <sup>(d)</sup>	Trading of clothes, import and export activities	The PRC	–	100	–	–
Great Brand Management Limited <sup>(d)</sup>	Brand management and operation	The British Virgin Islands	–	100	–	–

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 17 INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

The Group had the following subsidiary corporations as at 31 December 2019 and 2018: (continued)

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by the parent and the Group		Proportion of ordinary shares held by non-controlling interests	
			2019 %	2018 %	2019 %	2018 %
<u>Held by Tianjin Forise Corporation Management Consultancy Limited</u>						
Tianjin Forise Corporation Management Consultancy Limited, Beijing Branch <sup>(a)</sup>	Provision of corporate advisory and management consulting services	The PRC	100	100	-	-
天津复有新茂企业管理咨询有限公司 <sup>(h)</sup>	Provision of corporate advisory and management consulting services	The PRC	-	100	-	-

- (a) Audited by Shanghai Nexia TS Certified Public Accountants. Reviewed by Nexia TS PAC for consolidation purposes.
- (b) Audited by SBC International, Hong Kong. Audit procedures performed for significant line items by Nexia TS Public Accounting Corporation, Singapore, for consolidation purposes.
- (c) Scope-out for consolidation purpose as the impact is insignificant to the Group.
- (d) On 1 February 2019, the Company entered into a Sale and Purchase Agreement with All Garments Co. Limited to dispose its entire interests in the garment trading group (Note 9).
- (e) The liquidation of the subsidiary corporation has been completed on 12 February 2020 (Note 9).
- (f) Subsidiary corporation in the process of strike-off and is expected to be completed by 31 March 2020 (Note 9).
- (g) Subsidiary corporation incorporated on 3 October 2019. Audit procedures performed for significant line items by Nexia TS Public Accounting Corporation, Singapore, for consolidation purposes.
- (h) Indirect subsidiary deregistered with effect from 1 July 2019.

### Significant restrictions

Cash and short-term deposits of RMB2,789,000 (2018: RMB2,602,000) are held in the PRC and are subject to local exchange control regulations. These local exchange control regulations provide for restrictions on exporting capital from the country, other than through normal dividends.

*Carrying value of non-controlling interest*

Prisma Technologies Pte. Ltd., representing total carrying value of non-controlling interest

<b>2019</b>
<b>RMB'000</b>
<b>212</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 17 INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

### Summarised financial information of subsidiaries with material non-controlling interests

Set out below are the summarised financial information for subsidiary that has non-controlling interest that are material to the Group. These are presented before inter-company eliminations.

#### Summarised balance sheet

	<b>Prisma Technologies Pte. Ltd. 31 December 2019 RMB'000</b>
<b>Current</b>	
Assets	11,702
Liabilities	(11,277)
Total current net assets, representing net assets	<u>425</u>
<i>Summarised income statement</i>	
Revenue	1,343
Profit before income tax	436
Income tax expense	(16)
Post-tax profit from continuing operations, representing total comprehensive income	<u>420</u>
Total comprehensive income allocated to non-controlling interest	<u>209</u>
<i>Summarised cash flows</i>	
Net cash used in operating activities	<u>(10,356)</u>
Net cash provided by financing activities	<u>10,356</u>

#### Transactions with non-controlling interest

- (a) Issuance of ordinary shares to non-controlling interest

On 3 October 2019, the Company incorporated a subsidiary corporation, Prisma Technologies Pte. Ltd. ("Prisma Tech"), with a non-controlling shareholder. The paid-up capital amounted to approximately RMB5,000 (equivalent to SGD 1,000). The non-controlling interest holds 49.9% equity interests in Prisma Tech, and accordingly, the Group recognised non-controlling interest of approximately RMB3,000 (equivalent to SGD 499) in equity during the financial year ended 31 December 2019.

- (b) Effects of transactions with non-controlling interest on the equity for the financial year ended 31 December 2019

	<b>Non-controlling interest RMB'000</b>	<b>Total equity RMB'000</b>
<b>2019</b>		
Issuance of ordinary shares to non-controlling interest <sup>(a)</sup>	<u>3</u>	<u>3</u>

- (a) Refer to Consolidated Statement of Changes in Equity for other equity items.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 18 INVESTMENT IN AN ASSOCIATED COMPANY

	Group	
	2019 RMB'000	2018 RMB'000
<b>Interests in an associated company</b>		
<b>Cost</b>		
Beginning of financial year	1,992	1,975
Share of (loss)/profit of an associated company	(4)	17
End of financial year	<b>1,988</b>	1,992
<b>Allowance for impairment</b>		
Beginning of financial year	-	-
Allowance for impairment <sup>(a)</sup>	(1,200)	-
End of financial year	<b>(1,200)</b>	-
<b>Carrying amount</b>		
End of financial year	<b>788</b>	1,992

(a) As at 31 December 2019, the Company carried out a review on the recoverable amounts of its investment in associated company. The management is of the view that the net assets of the associated company approximates its fair value and is representative of the recoverable amount of the investment. An impairment loss of RMB1,200,000 has been recognised during the financial year ended 31 December 2019.

Set out below are the associated company of the Group as at 31 December 2019 and 2018. The associated company as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group; the country of incorporation is also their principal place of business.

Name of entity	Principal activities	Place of business country of incorporation	% of ownership interest	
			2019	2018
<u>Held by Tianjin Forise Corporation Management Consultancy Limited</u>				
Le Rong Financial Factoring Company Limited	Provision of commercial factoring services	The PRC	40	40

The Group accounts for its investment in Le Rong as an associated company as the Group holds more than 20% of the issued share of Le Rong and the Group is able to exercise significant influence over the investment due to the Group's voting power (both through its equity holding and its representation on the Board).

There are no contingent liabilities relating to the Group's interest in the associated company.

### Summarised financial information of associated company

#### Summarised statement of comprehensive income

	31 December	
	2019 RMB'000	2018 RMB'000
<b>Revenue</b>	6	1,778
<b>Expenses</b>		
Includes:		
- Consultancy charges	(13)	(525)
- Professional	-	(154)
- Marketing expenses	-	(2)
- Finance	(3)	(1,054)
<b>(Loss)/profit before income tax, representing total comprehensive (loss)/profit</b>	<b>(10)</b>	43

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 18 INVESTMENT IN AN ASSOCIATED COMPANY (CONTINUED)

### Summarised financial information of associated company (continued)

#### Summarised balance sheet

	31 December	
	2019 RMB'000	2018 RMB'000
<b>Current assets</b>		
Includes:		
– Cash and cash equivalents	39	61
– Trade and other receivables	21,263	22,836
<b>Current liabilities</b>		
Includes:		
– Other payables	(18,240)	(1,817)
– Borrowings	(1,092)	(19,100)
<b>Net assets</b>	<b>1,970</b>	<b>1,980</b>

The information above reflects the amount presented in the financial statements of the associated company (and not the Group's share of those amounts), adjusted for differences in accounting policies between the Group and the associated company.

### Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented, to the carrying amount of the Group's interest in associated company, is as follows:

	31 December	
	2019 RMB'000	2018 RMB'000
<b>Net assets</b>	<b>1,970</b>	<b>1,980</b>
Group's equity interest	40%	40%
Group's share of net assets	788	792
Goodwill	–	1,200
<b>Carrying value of Group interest in associated company</b>	<b>788</b>	<b>1,992</b>

## 19 INVESTMENT IN A JOINT VENTURE

	Group and Company	
	2019 RMB'000	2018 RMB'000
<b>Interests in a joint venture</b>		
<b>Cost</b>		
Beginning of financial year	3,204	3,282
Share of loss of a joint venture	(27)	(78)
End of financial year	<b>3,177</b>	<b>3,204</b>
<b>Allowance for impairment</b>		
Beginning of financial year	–	–
Allowance for impairment <sup>(a)</sup>	(2,565)	–
End of financial year	<b>(2,565)</b>	–
<b>Carrying amount</b>		
End of financial year	<b>612</b>	<b>3,204</b>

(a) As at 31 December 2019, the Company carried out a review on the recoverable amounts of its investment in a joint venture. The management is of the view that the net assets of the joint venture company approximates its fair value and is representative of the recoverable amount of the investment. An impairment loss of RMB2,565,000 has been recognised during the financial year ended 31 December 2019.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 19 INVESTMENT IN A JOINT VENTURE (CONTINUED)

The Group has joint control over the joint venture as under the contractual agreements, unanimous consent is required from all parties to the arrangements for all relevant activities.

The Group's joint arrangement is structured as a limited company such that the Group and the parties to the arrangement have the rights to the net assets of the limited company under the arrangements. Therefore, these arrangements are classified as joint venture.

Details of the joint venture as at 31 December 2019 and 2018 are as follows:

Name of entity	Principal activities	Place of business country of incorporation	% of ownership interest	
			2019	2018
TNT Global Capital Pte Ltd	Provision of fund management services	Singapore	40	40

### Summarised financial information for joint venture

Set out below are the summarised unaudited financial information of TNT Global Capital Pte Ltd based on their financial statements (and not the Group's share of those amounts), adjusted for differences in accounting policies between the Group and the joint venture.

### Summarised statement of comprehensive income

	31 December	
	2019 RMB'000	2018 RMB'000
<b>Expenses</b>		
– Salaries and bonus	–	(161)
– Travelling	–	(5)
– Professional fees	(57)	(5)
– Directors' fees	–	(15)
– Other	(11)	(10)
<b>Loss before income tax, representing total comprehensive loss</b>	<b>(68)</b>	<b>(196)</b>

### Summarised balance sheet

	31 December	
	2019 RMB'000	2018 RMB'000
<b>Current assets</b>		
Include:		
– Cash and cash equivalents	1,289	1,413
– Other receivables	262	186
<b>Current liabilities</b>		
Include:		
– Other payables	(8)	(1)
<b>Net assets</b>	<b>1,543</b>	<b>1,598</b>

The information above reflects the amounts presented in the financial statements of the joint venture (and not the Group's share of those amounts), adjusted for differences in accounting policies between the Group and the joint venture.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 19 INVESTMENT IN A JOINT VENTURE (CONTINUED)

### Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented, to the carrying amount of the Group's interest in joint venture, is as follows:

	31 December	
	2019 RMB'000	2018 RMB'000
<b>Net assets</b>	<b>1,543</b>	1,598
Group's equity interest	40%	40%
Group's share of net assets	617	639
Goodwill	–	2,565
Foreign exchange difference	(5)	–
<b>Carrying value</b>	<b>612</b>	3,204

## 20 PROPERTY, PLANT AND EQUIPMENT

	Furniture and fitting and office equipment RMB'000	Total RMB'000
<b>Group</b>		
<b>2019</b>		
<b>Cost</b>		
Beginning of financial year	720	720
Disposals	(559)	(559)
End of financial year	161	161
<b>Accumulated depreciation</b>		
Beginning of financial year	702	702
Depreciation charge		
– Continuing operations	13	13
Disposals	(559)	(559)
End of financial year	156	156
<b>Net book value</b>		
End of financial year	5	5

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 20 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Furniture and fitting and office equipment RMB'000	Total RMB'000
<b>Group</b>		
<b>2018</b>		
<b>Cost</b>		
Beginning and end of financial year	720	720
<b>Accumulated depreciation</b>		
Beginning of financial year	679	679
Depreciation charge		
– Continuing operations	23	23
End of financial year	702	702
<b>Net book value</b>		
End of financial year	18	18
		<b>Furniture and fitting and office equipment RMB'000</b>
<b>Company</b>		
<b>2019</b>		
<b>Cost</b>		
Beginning and end of financial year		156
<b>Accumulated depreciation</b>		
Beginning of financial year		139
Depreciation charge		12
End of financial year		151
<b>Net book value</b>		
End of financial year		5
<b>2018</b>		
<b>Cost</b>		
Beginning and end of financial year		156
<b>Accumulated depreciation</b>		
Beginning of financial year		118
Depreciation charge		21
End of financial year		139
<b>Net book value</b>		
End of financial year		17

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 21 TRADE AND OTHER PAYABLES

	Group		Company	
	2019 RMB'000	2018 RMB'000	2019 RMB'000	2018 RMB'000
Accruals for operating expenses				
– Salaries and wages	–	251	–	208
– Professional fees	302	291	295	287
– Directors' fees	30	466	30	466
– Others	36	289	32	129
	368	1,297	357	1,090
Value-added tax payables	–	60	–	–
Non-trade payables				
– Non-related parties	1,174	4	–	–
– Subsidiary corporations	–	–	3	336
	1,174	4	3	336
	1,542	1,361	360	1,426

Non-trade payables to subsidiary corporations are unsecured, interest-free and are repayable on demand.

## 22 LEASE LIABILITY

	Group and Company	
	2019 RMB'000	2018 RMB'000
<i>Current</i>		
Lease liability	914	–

The exposure of the borrowings of the Group and of the Company to interest rate changes and the contractual repricing dates at the balance sheet date are as follows:

	Group and Company	
	2019 RMB'000	2018 RMB'000
6 months or less	683	–
6 – 12 months	231	–
Total	914	–

## 23 SHARE CAPITAL

	No. of ordinary shares	Amount RMB'000
	<b>Group and Company</b>	
<b>31 December 2019 and 2018</b>		
Beginning and end of financial year	2,130,000,000	145,320

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 24 CURRENCY TRANSLATION RESERVE

	Group	
	2019 RMB'000	2018 RMB'000
Beginning of financial year	–	–
Net currency translation differences of financial statement of foreign subsidiaries	1	–
End of financial year	1	–

## 25 ACCUMULATED LOSSES

Movement in accumulated losses of the Company is as follows:

	Company	
	2019 RMB'000	2018 RMB'000
Beginning of financial year	(121,059)	(117,069)
Net loss – continuing operations	(6,689)	(3,990)
End of financial year	(127,748)	(121,059)

## 26 COMMITMENTS

### (a) Operating lease commitments – where the Group and the Company are the lessees

The Group and the Company lease office spaces and office equipment from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

As at 31 December 2018, the future minimum lease payables under non-cancellable operating leases contracted for but not recognised as liabilities, are as follows:

	Group and Company RMB'000
Not later than one year	1,840
More than one year	952
End of financial year	2,792

As disclosed in Note 2.1 to the financial statements, the Group has adopted SFSSR(I) 16 on 1 January 2019. These lease payments have been recognised as ROU assets and lease liabilities on the balance sheet as at 31 December 2019, except for short-term and low value leases.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 26 COMMITMENTS (CONTINUED)

### (b) Operating lease commitments – where the Company is a lessor

The Company lease out office spaces to third party under non-cancellable operating leases. The lessees are required to pay either absolute fixed annual increase to the lease payments or contingent rents computed based on their sales achieved during the lease period.

As at 31 December 2018, the future minimum lease receivables under non-cancellable operating leases contracted for but not recognised as receivables, are as follows:

	<b>Company RMB'000</b>
Not later than one year	<b>281</b>

On 1 January 2019, the Group has adopted SFRS(I) 16 and the undiscounted lease payments from the operating leases to be received after 31 December 2019 is disclosed in Note 15 to the financial statements.

## 27 FINANCIAL RISK MANAGEMENT

### Financial risk factors

The Group's activities expose it to market risk (including currency risk and interest rate risk), credit risk, liquidity risk and capital risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. This includes establishing policies such as authority levels, oversight responsibilities, risk identification and measurement and exposure limits.

#### (a) Market risk

##### (i) Currency risk

The Group operates in the PRC with most of the transactions settled in RMB. However, the Group is exposed to currency translation risk on the net assets of the Group's operations outside of the PRC.

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as the Singapore Dollar ("SGD"), United State Dollar ("USD") and Hong Kong Dollar ("HKD"). To manage the currency risk, individual group entities match the currency of sale and purchase contracts so as to mitigate the exposure of currency fluctuation risk.

The Group is exposed to currency translation risk on the net assets in foreign operations. Currency exposure to the net assets of the Group's foreign operations in China are managed primarily through natural hedge.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 27 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

The Group's currency exposure based on the information provided to key management is as follows:

	<u>RMB</u> <u>RMB'000</u>	<u>USD</u> <u>RMB'000</u>	<u>SGD</u> <u>RMB'000</u>	<u>HKD</u> <u>RMB'000</u>	<u>Total</u> <u>RMB'000</u>
<b>Group</b>					
<b>At 31 December 2019</b>					
<b>Financial assets</b>					
Cash and cash equivalents	2,789	–	3,559	–	6,348
Trade and other receivables	189	–	11,701	–	11,890
Receivables from subsidiary corporations	2,874	–	12,486	–	15,360
Other financial assets	–	–	342	–	342
	<u>5,852</u>	<u>–</u>	<u>28,088</u>	<u>–</u>	<u>33,940</u>
<b>Financial liabilities</b>					
Trade and other payables	(1,171)	–	(364)	(7)	(1,542)
Lease liability	–	–	(914)	–	(914)
Payables to subsidiary corporations	(2,874)	–	(12,486)	–	(15,360)
	<u>(4,045)</u>	<u>–</u>	<u>(13,764)</u>	<u>(7)</u>	<u>(17,816)</u>
<b>Net financial assets/(liabilities)</b>	<b>1,807</b>	<b>–</b>	<b>14,324</b>	<b>(7)</b>	<b>16,124</b>
Add: Net non-financial assets/(liabilities)	816	–	1,519	–	2,335
<b>Net assets/(liabilities)</b>	<b>2,623</b>	<b>–</b>	<b>15,843</b>	<b>(7)</b>	<b>18,459</b>
<b>Currency profile including non-financial assets/(liabilities)</b>					
	<u>2,623</u>	<u>–</u>	<u>15,843</u>	<u>(7)</u>	<u>18,459</u>
<b>Currency exposure of financial assets/(liabilities), net of those denominated in the respective entities' functional currencies</b>					
	<u>–</u>	<u>–</u>	<u>14,324</u>	<u>(7)</u>	<u>14,317</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 27 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

The Group's currency exposure based on the information provided to key management is as follows: (continued)

	<u>RMB</u> <u>RMB'000</u>	<u>USD</u> <u>RMB'000</u>	<u>SGD</u> <u>RMB'000</u>	<u>HKD</u> <u>RMB'000</u>	<u>Total</u> <u>RMB'000</u>
<b>Group</b>					
<b>At 31 December 2018</b>					
<b>Financial assets</b>					
Cash and cash equivalents	2,601	8,948	10,642	–	22,191
Trade and other receivables	20,182	–	43	–	20,225
Receivables from subsidiary corporations	3,925	1,243	336	–	5,504
Other financial assets	–	–	333	–	333
	<u>26,708</u>	<u>10,191</u>	<u>11,354</u>	<u>–</u>	<u>48,253</u>
<b>Financial liabilities</b>					
Trade and other payables	(267)	–	(1,090)	(4)	(1,361)
Payables to subsidiary corporations	(3,925)	(1,243)	(336)	–	(5,504)
	<u>(4,192)</u>	<u>(1,243)</u>	<u>(1,426)</u>	<u>(4)</u>	<u>(6,865)</u>
<b>Net financial assets/(liabilities)</b>	22,516	8,948	9,928	(4)	41,388
Add: Net non-financial assets/(liabilities)	1,996	–	3,513	(1,056)	4,453
<b>Net assets/(liabilities)</b>	<u>24,512</u>	<u>8,948</u>	<u>13,441</u>	<u>(1,060)</u>	<u>45,841</u>
<b>Currency profile including non-financial assets/(liabilities)</b>					
	<u>24,512</u>	<u>8,948</u>	<u>13,441</u>	<u>(1,060)</u>	<u>45,841</u>
<b>Currency exposure of financial assets/(liabilities), net of those denominated in the respective entities' functional currencies</b>					
	<u>–</u>	<u>8,948</u>	<u>9,928</u>	<u>(4)</u>	<u>18,872</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 27 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

The Company's currency exposure based on the information provided to key management is as follows: (continued)

	USD RMB'000	SGD RMB'000	HKD RMB'000	Total RMB'000
<b>Company</b>				
<b>At 31 December 2019</b>				
<b>Financial assets</b>				
Cash and cash equivalents	-	3,559	-	3,559
Trade and other receivables	-	12,484	-	12,484
Other current assets	-	342	-	342
	-	16,385	-	16,385
<b>Financial liabilities</b>				
Trade and other payables	-	(360)	-	(360)
Lease liability	-	(914)	-	(914)
	-	(1,274)	-	(1,274)
<b>Net financial assets</b>		15,111	-	15,111
Add: Net non-financial assets	-	1,535	926	2,461
<b>Net assets</b>	-	16,646	926	17,572
<b>Currency profile including non-financial assets</b>	-	16,646	926	17,572
<b>Currency exposure of financial assets, net of those denominated in the Company's functional currency</b>	-	15,111	-	15,111



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 27 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

The Company's currency exposure based on the information provided to key management is as follows: (continued)

	<b>USD</b> <b>RMB'000</b>	<b>SGD</b> <b>RMB'000</b>	<b>HKD</b> <b>RMB'000</b>	<b>Total</b> <b>RMB'000</b>
<b>Company</b>				
<b>At 31 December 2018</b>				
<b>Financial assets</b>				
Cash and cash equivalents	8,943	10,584	–	19,527
Trade and other receivables	106	1,206	–	1,312
Other current assets	–	333	–	333
	<u>9,049</u>	<u>12,123</u>	<u>–</u>	<u>21,172</u>
<b>Financial liabilities</b>				
Trade and other payables	<u>(336)</u>	<u>(1,090)</u>	<u>–</u>	<u>(1,426)</u>
	<u>(336)</u>	<u>(1,090)</u>	<u>–</u>	<u>(1,426)</u>
<b>Net financial assets</b>	8,713	11,033	–	19,746
Add: Net non-financial assets	<u>336</u>	<u>3,254</u>	<u>925</u>	<u>4,515</u>
<b>Net assets</b>	<u>9,049</u>	<u>14,287</u>	<u>925</u>	<u>24,261</u>
<b>Currency profile including non-financial assets</b>	<u>9,049</u>	<u>14,287</u>	<u>925</u>	<u>24,261</u>
<b>Currency exposure of financial assets, net of those denominated in the Company's functional currency</b>	<u>8,713</u>	<u>11,033</u>	<u>–</u>	<u>19,746</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 27 FINANCIAL RISK MANAGEMENT (CONTINUED)

### (a) Market risk (continued)

#### (i) Currency risk (continued)

If the USD, SGD and HKD change against the RMB by 4% (31 December 2018: 8%), 4% (31 December 2018: 5%) and 5% (31 December 2018: 8%) respectively with all other variables including tax rate being held constant, the effects arising from the net financial liabilities/assets position to the net profit and equity of the Group and the Company will be as follows:

	2019 RMB'000	2018 RMB'000
<b>Group</b>		
USD against RMB		
– Weakened	–	(537)
– Strengthened	–	537
SGD against RMB		
– Weakened	<b>(430)</b>	(372)
– Strengthened	<b>430</b>	372
HKD against RMB		
– Weakened	–*	–*
– Strengthened	–*	–*
<b>Company</b>		
USD against RMB		
– Weakened	–	(523)
– Strengthened	–	523
SGD against RMB		
– Weakened	<b>(453)</b>	(414)
– Strengthened	<b>453</b>	414

\* Less than RMB1,000

#### (ii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group has cash balances placed with reputable banks and financial institutions which generate interest income for the Group. The Group manages its interest rate risk by placing such balances on varying maturities and interest rate terms. As the Group has no significant interest-bearing assets, the Group's income is substantially independent of changes in market interest rates.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 27 FINANCIAL RISK MANAGEMENT (CONTINUED)

### (b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

#### (i) Risk management

The Group adopts the following policy to mitigate the credit risk.

For banks and financial institutions, the Group mitigates its credit risks by transacting only with counterparties who are rated "A" and above by independent rating agencies.

For customers, the Group performs credit reviews on new customers before acceptance and an annual review for existing customers. Credit reviews take into account customers' financial strength, the Group's past experiences with the customers and other relevant factors.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet.

The trade receivables of the Group comprise 1 debtor (31 December 2018: nil debtors) that represented 100% of trade receivables.

#### (ii) Credit rating

The expected credit losses for debts which are estimated based on a provision matrix by reference to historical credit loss experience of the different segments, adjusted as appropriate to reflect current conditions and estimates of future economic conditions as applicable. The expected credit losses for debts which are individually assessed are based on an analysis of the debtor's current financial position and are adjusted for factors that are specific to the debtors.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 27 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(iii) *Trade receivables*

The Group has applied the simplified approach by using the provision matrix to measure the lifetime expected credit losses for all trade receivables.

To measure the expected credit losses, these receivables have been grouped based on shared credit risk characteristics and days past due. In calculating the expected credit loss rates, the Group consider historical loss rates for each category of customers.

Trade receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group categorises a receivable for write off when a debtor fails to make contractual payment greater than 120 days past due based on historical loss rates for each category of customers and adjust to reflect current and forward looking information. Where receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

As at 31 December 2019, there are no credit risk exposures in relation to the Group's trade receivables from customers. Management has assessed the application of the expected credit loss model and no loss allowances are recognised for these financial assets.

(iv) *Other financial assets, at amortised cost*

The Group and the Company's other financial assets recognised at amortised cost mainly comprised of cash and cash equivalents, non-trade receivables, loan to an associated company and deposits. These other financial assets are subject to immaterial credit loss, except for loan to an associated company.

In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to these receivables in estimating the probability of default of each of these other financial assets.

For the purpose of impairment assessment, loss allowance is generally measured at an amount equal to 12-month ECL as there is low risk of default and strong capability to meet contractual cash flows. When the credit quality deteriorates and the resulting credit risk of other financial assets increase significantly since its initial recognition, the 12-month ECL would be replaced by lifetime ECL.

Other financial assets are written-off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of other receivables to engage in a repayment plan with the Group and the Company, and a failure to make contractual payments.

As at 31 December 2019, there are no credit risk exposures in relation to the Group and the Company's other financial assets, except for the loans to an associated company.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 27 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(iv) *Other financial assets, at amortised cost (continued)*

The carrying amount of loans to an associated company individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	<b>The Group</b>
	<b>2019</b>
	<b>RMB'000</b>
Gross amount	<b>19,293</b>
Less: Loss allowance	<b>(19,293)</b>
	<b>-</b>
Beginning of financial year	<b>-</b>
Allowance made	<b>19,293</b>
End of financial year (Note 12)	<b>19,293</b>

During the financial year ended 31 December 2019, loss allowance arising from loans to an associated company has been recognised due to default of payments on agreed repayment dates, thus, the likelihood of recoverability is low.

(c) Liquidity risk

Prudent liquidity risk management includes by maintaining sufficient cash and cash equivalents (Note 11) to enable them to meet their normal operating commitments.

The table below analyses non-derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Less than one year</b>				
Trade and other payables	<b>1,542</b>	1,361	<b>360</b>	1,426
Lease liability	<b>914</b>	-	<b>914</b>	-

(d) Capital risk

The Group's objectives 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 shareholder 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 27 FINANCIAL RISK MANAGEMENT (CONTINUED)

### (d) Capital risk (continued)

Management monitors capital based on a gearing ratio. The Group and the Company are not required by the banks to maintain financial ratios. The Group's and the Company's strategies, which were unchanged from 2018, are to maintain gearing ratios of not more than 100%. Management will review the gearing ratios regularly based on operations and performance of the Group.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as equity plus net debt.

	Group		Company	
	2019 RMB'000	2018 RMB'000	2019 RMB'000	2018 RMB'000
Net debt	–	–	–	–
Total equity	18,459	45,841	17,572	24,261
Total capital	18,459	45,841	17,572	24,261
Gearing ratio	*NM	*NM	*NM	*NM

\* NM = Not meaningful

The Group and the Company have no externally imposed capital requirements for the financial years ended 31 December 2019 and 2018 respectively.

### (e) Fair value measurements

The assets and liabilities are measured at fair value and classified by level of the following fair value measurement hierarchy:

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

The carrying amount less impairment provision of trade receivables and payables are assumed to approximate their fair values.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 27 FINANCIAL RISK MANAGEMENT (CONTINUED)

### (f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as follows:

	<b>2019</b>	<b>2018</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Group</b>		
Financial assets, at amortised cost	<b>18,580</b>	42,749
Financial liabilities, at amortised cost	<b>2,456</b>	1,361
<b>Company</b>		
Financial assets, at amortised cost	<b>16,385</b>	21,172
Financial liabilities, at amortised cost	<b>1,274</b>	1,426

## 28 RELATED PARTY TRANSACTIONS

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

### (a) Sales and purchase of goods and services

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Sales of services to related party	<b>1,343</b>	–
Payments made on behalf of related party	<b>10,354</b>	–
Sub-lease of office space to related parties	<b>235</b>	664

Related parties comprise mainly companies which are controlled or significantly influenced by the Group's key management personnel and their close family members.

Outstanding balances arising from sale/purchase of goods and services, are unsecured and receivable/payable within 12 months from balance sheet date are disclosed in Notes 12 and 21 to the financial statements respectively.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 28 RELATED PARTY TRANSACTIONS (CONTINUED)

### (b) Key management personnel compensation

Key management personnel compensation, representing compensation to directors and executive officers of the Group is as follows:

	Group	
	2019 RMB'000	2018 RMB'000
Salaries and bonus	2,974	3,104
Directors' fees	689	993
Employer's contribution to defined contribution plans including CPF	575	386
	<b>4,238</b>	<b>4,483</b>

Included in the above is total compensation to directors of the Company amounted to RMB1,631,000 (2018: RMB2,612,000).

## 29 SEGMENT INFORMATION

The Group's chief operating decision-makers ("CODM") comprise of the Executive Chairman and the Executive Directors. Management has determined the operating segments based on the reports reviewed by the CODM that are used to make strategic decisions, allocate resources, and assess performance.

The CODM considers the business from both geographical and business segment perspectives. Geographically, management manages and monitors the business mainly in the PRC and Hong Kong. From a business segment perspective, following the disposal of subsidiary corporations, the Group's operations derive its revenue from garment trading business and corporate advisory business. Other services within Singapore mainly relates to investment holding and is not included within the reportable operations segments as it is not included in the segment reports provided to the CODM. The result of its operations is included under "All other segments".



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 29 SEGMENT INFORMATION (CONTINUED)

The segment information provided to the CODM for the reportable segments are as follows:

	Continuing operations		Discontinued	Total
	Corporate advisory RMB'000	All other segments RMB'000	operations All other segments RMB'000	
<b>2019</b>				
<b>Sales</b>				
Corporate advisory services	3,553	-	-	3,553
Other income	656	379	-	1,035
Interest income	88	188	-	276
Currency exchange (loss)/gain, net	(113)	486	(3)	370
Gain on disposal of subsidiaries	-	6	-	6
Allowance for impairment of investment in associated company and joint venture	(1,200)	(2,565)	-	(3,765)
Amortisation of right-of-use asset	-	(1,357)	-	(1,357)
Consultancy charges	(596)	-	-	(596)
Depreciation	(1)	(12)	-	(13)
Employee compensation	(2,101)	(1,987)	-	(4,088)
Impairment loss on financial assets	(19,293)	-	-	(19,293)
Directors' fee	-	(689)	-	(689)
Interest expense on lease liability	-	(87)	-	(87)
Professional fees	(16)	(1,090)	(101)	(1,207)
Rental on operating leases	(420)	(20)	-	(440)
Finance	(5)	(13)	-	(18)
Other operating expenses	(457)	(588)	-	(1,045)
Share of loss of a joint venture	-	(27)	-	(27)
Share of loss of an associated company	(4)	-	-	(4)
Loss before income tax	(19,909)	(7,376)	(104)	(27,389)
Income tax credit	3	-	-	3
<b>Total loss</b>	<b>(19,906)</b>	<b>(7,376)</b>	<b>(104)</b>	<b>(27,386)</b>
<b>Segment assets</b>	<b>15,510</b>	<b>5,437</b>	<b>-</b>	<b>20,947</b>
Segment assets includes:				
Investments in an associated company and a joint venture	788	612	-	1,400
Right-of-use asset	-	890	-	890
<b>Segment liabilities</b>	<b>(1,218)</b>	<b>(1,270)</b>	<b>-</b>	<b>(2,488)</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 29 SEGMENT INFORMATION (CONTINUED)

The segment information provided to the CODM for the reportable segments are as follows: (continued)

	Continuing operations		Discontinued operations		Total RMB'000
	Corporate advisory RMB'000	All other segments RMB'000	Garment trading RMB'000	All other segments RMB'000	
<b>2018</b>					
<b>Sales</b>					
Corporate advisory services	9,822	–	–	–	9,822
Other income	1,098	871	–	–	1,969
Interest income	1,030	299	–	–	1,329
Currency exchange gain/(loss), net	511	641	(246)	(3)	903
Depreciation	(2)	(21)	–	–	(23)
Employee compensation	(2,223)	(2,096)	–	–	(4,319)
Directors' fee	–	(993)	–	–	(993)
Professional fees	(16)	(653)	(5)	(45)	(719)
Rental on operating leases	(2,051)	(1,395)	–	–	(3,446)
Finance	(8)	(11)	(2)	–	(21)
Other operating expenses	(725)	(552)	7	(1)	(1,271)
Share of loss of a joint venture	–	(78)	–	–	(78)
Share of loss of an associated company	17	–	–	–	17
Profit/(loss) before income tax	7,453	(3,988)	(246)	(49)	3,170
Income tax expense	(1,765)	–	–	–	(1,765)
<b>Total profit/(loss)</b>	<b>5,688</b>	<b>(3,988)</b>	<b>(246)</b>	<b>(49)</b>	<b>(1,405)</b>
<b>Segment assets</b>	<b>24,049</b>	<b>23,159</b>	<b>1,051</b>	<b>–</b>	<b>48,259</b>
Segment assets includes: Investments in an associated company and a joint venture	1,992	3,204	–	–	5,196
<b>Segment liabilities</b>	<b>(270)</b>	<b>(1,091)</b>	<b>(1,057)</b>	<b>–</b>	<b>(2,418)</b>

The revenue from external parties reported to the CODM is measured in a manner consistent with that in the statement of comprehensive income.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 29 SEGMENT INFORMATION (CONTINUED)

The CODM assesses the performance of the operating segments based on gross profit. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

### (a) Reconciliations

#### (i) Segment assets

The amounts reported to CODM respect to total assets are measured in a manner consistent with that of the financial statements and all assets are allocated to reportable segments.

Segment assets are reconciled to total assets as follows:

	<b>2019</b> <b>RMB'000</b>	<b>2018</b> <b>RMB'000</b>
Segment assets for reportable segments	<b>15,510</b>	25,100
Other segment assets	<b>5,437</b>	23,159
Total assets	<b>20,947</b>	48,259

#### (ii) Segment liabilities

The amounts provided to CODM with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment and all liabilities are allocated to the reportable segments.

Segment liabilities are reconciled to total liabilities as follows:

	<b>2019</b> <b>RMB'000</b>	<b>2018</b> <b>RMB'000</b>
Segment liabilities for reportable segments	<b>1,218</b>	1,327
Other segment liabilities	<b>1,270</b>	1,091
Total liabilities	<b>2,488</b>	2,418

### (b) Revenue from major products and major customers

Revenue from external customers are derived from rendering of services under corporate advisory segment as disclosed in Note 4 to the financial statements.

### (c) Geographical information

The Group's business segments operate mainly in PRC, and the non-current assets from the following main geographical area are as follows:

	<b>Non-current assets</b>	
	<b>31 December</b> <b>2019</b> <b>RMB'000</b>	<b>31 December</b> <b>2018</b> <b>RMB'000</b>
PRC	<b>788</b>	1,992

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

## 29 SEGMENT INFORMATION (CONTINUED)

### (c) Geographical information (continued)

The Group's revenue by geographical areas is disclosed under Note 4 to the financial statements.

The emergence of COVID-19 has brought about uncertainties to the Group's operating environment and has impacted the Group's operations in the PRC and its financial position subsequent to the financial year end. The Group is cognisant of the challenges posed by these developing events and the potential impact they have on our business sector. The Group will continuously assess the situation, work closely with the local authorities in the PRC to support their efforts in containing the spread of COVID-19, and put in place measures to minimise impact to our business. As the situation is still evolving, the full effect and financial impact of the outbreak is subject to uncertainties and could not be ascertained at the time these financial statements had been authorised for issue.

## 30 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Amendments to SFRS(I) 3 *Business Combination* (effective for annual periods beginning on or after 1 January 2020)

The amendments provide new guidance on the assessment of whether an acquisition meets the definition of a business under SFRS(I) 3. To be considered a business, an acquisition would have to include an output and a substantive process that together significantly contribute to the ability to create outputs. A framework is introduced to evaluate when an input and substantive process are present. To be a business without outputs, there will now need to be an organised workforce.

The definition of the term 'outputs' is narrowed to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits. It is also no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets.

Entities can apply a 'concentration test' that, if met, eliminates the need for further assessment. Under this optional test, where substantially all of the fair value of gross assets acquired is concentrated in a single asset (or a group of similar assets), the assets acquired would not represent a business.

These amendments are applied to business combinations and asset acquisitions with acquisition date on or after 1 January 2020. Early application is permitted. The Group does not expect any significant impact arising from applying these amendments.

# STATISTICS OF SHAREHOLDINGS

AS AT 26 MARCH 2020

## DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF		NO. OF SHARES	
	SHAREHOLDERS	%		%
1 – 99	0	0.00	0	0.00
100 – 1,000	23	3.90	12,900	0.00
1,001 – 10,000	92	15.59	609,600	0.03
10,001 – 1,000,000	398	67.46	82,602,900	3.88
1,000,001 AND ABOVE	77	13.05	2,046,774,600	96.09
<b>TOTAL</b>	<b>590</b>	<b>100.00</b>	<b>2,130,000,000</b>	<b>100.00</b>

## TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	UOB KAY HIAN PRIVATE LIMITED	1,071,336,704	50.30
2	CITIBANK NOMINEES SINGAPORE PTE LTD	321,675,000	15.10
3	DBS NOMINEES (PRIVATE) LIMITED	170,650,300	8.01
4	KGI SECURITIES (SINGAPORE) PTE. LTD.	96,706,200	4.54
5	HSBC (SINGAPORE) NOMINEES PTE LTD	50,518,000	2.37
6	PHILLIP SECURITIES PTE LTD	43,514,096	2.04
7	OCBC SECURITIES PRIVATE LIMITED	17,839,600	0.84
8	TAN ENG CHUA EDWIN	16,171,600	0.76
9	WENG WENJU	15,680,000	0.74
10	WENG JINDAO	15,280,000	0.72
11	TEOH TEIK KEE	12,500,000	0.59
12	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	12,174,000	0.57
13	HUANG FANGXUE	11,920,000	0.56
14	RAMESH S/O PRITAMDAS CHANDIRAMANI	11,510,000	0.54
15	LEE THIAM SENG	10,000,000	0.47
16	ABN AMRO CLEARING BANK N.V	8,740,400	0.41
17	LOH LOK KIT	7,500,000	0.35
18	RHB SECURITIES SINGAPORE PTE. LTD.	7,424,600	0.35
19	TAN WEIREN VINCENT (CHEN WEIREN VINCENT)	7,048,100	0.33
20	ZHOU WEIKANG	5,758,100	0.27
	<b>TOTAL</b>	<b>1,913,946,700</b>	<b>89.86</b>

# STATISTICS OF SHAREHOLDINGS

AS AT 26 MARCH 2020

## SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders of the Company (as recorded in the Register of Substantial Shareholders) as at 26 March 2020.

Name	Direct Interest	%	No. of Ordinary Shares	
			Indirect Interest	%
Andrea Querci <sup>(1)</sup>	–	–	620,000,000	29.10%
Wang Xin <sup>(2)</sup>	–	–	319,500,000	15.00%
Forise Capital Group Limited	319,500,000	15.00%	–	–
Forise Global Holdings Limited <sup>(2)</sup>	–	–	319,500,000	15.00%
Weng Wenwei <sup>(3)</sup>	–	–	161,500,000	7.58%

### Notes:

- (1) The 620,000,000 shares are held by Andrea Querci's nominee, UOB Kay Hian Private Limited.
- (2) Forise Global Holdings is deemed to be interested in the 319,500,000 Shares held by Forise Capital Group Limited by virtue of its interest in 100% of the shares in Forise Capital Group Limited. Wang Xin is also deemed to be interested in the 319,500,000 Shares held by Forise Capital Group Limited by virtue of his interest in 100% of the shares in Forise Global Holdings Limited. Registered in the name of Citibank Nominees Singapore Pte Ltd.
- (3) Weng Wenwei is deemed to be interested in the 100,000,000 Shares held by G&W Investment Management Co., Ltd ("G&W") by virtue of his interest in 100% of the shares in G&W and 61,500,000 shares held by his spouse, Cai An'e. Registered in the name of DBS Nominees (Private) Limited.

## FREE FLOAT

As at 26 March 2020, approximately 48.32% of the issued ordinary shares of the Company was held in the hands of the public (on the basis of information available to the Company).

Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Annual General Meeting (“**AGM**”) of **Forise International Limited** (the “**Company**”) originally scheduled to be held on Tuesday, the 28<sup>th</sup> day of April 2020 will be deferred to a later date to be determined, in view of the notification from the Singapore Ministry of Health dated 24 March 2020 requiring all events and mass gathering to be deferred or cancelled regardless of size.

**Notice of the deferred venue, date and time of the AGM will be announced by the Company on SGXNet and Shareholders are advised to check SGXNet for updates from time to time.**

The AGM will be held for the following purposes:-

## AS ORDINARY BUSINESS

1. To receive and, if approved, adopt the Audited Accounts for the financial year ended 31 December 2019 together with the Directors’ Statement and Independent Auditors’ Report thereon.  
Resolution 1
2. To approve the payment of Directors’ Fees of S\$135,000 for the financial year ending 31 December 2020, to be paid half-yearly in arrears (2019: S\$136,514).  
Resolution 2
3. To re-elect Mr Peng Fei (George) who is retiring under Regulation 107 of the Company’s Constitution, as Director of the Company.  
Resolution 3
4. To re-elect Mr. Chin Sin Beng who is retiring under Regulation 117 of the Company’s Constitution, as Director of the Company.  
Resolution 4
5. To re-appoint Messrs Nexia TS Public Accounting Corporation, as the Independent Auditors of the Company and to authorise the Directors to fix their remuneration.  
Resolution 6
6. To transact any other ordinary business which may be properly transacted at an annual general meeting.

## AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolution (with or without amendments) as Ordinary Resolution:

### 7. **General mandate to allot and issue new shares in the capital of the Company**

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

- (A) (i) 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) warrants, debentures or other instruments convertible or exchangeable into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

# NOTICE OF ANNUAL GENERAL MEETING

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

provided that:

- (i) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed fifty per cent (50%) of the total issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed twenty per cent (20%) of the total issued Shares (excluding treasury shares) in the capital of the company (as calculated in accordance with sub-paragraph (ii) below);
- (ii) (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-paragraphs (i) above, the percentage of issued Shares shall be based on the total number of issued Shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed, after adjusting for:
  - (a) new Shares arising from the conversion or exercise of any Instruments or any convertible securities;
  - (b) new Shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed, provided that the share options or share awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual; and
  - (c) any subsequent bonus issue, consolidation or subdivision of Shares;
- (iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Act and Constitution of the Company; and
- (iv) unless revoked or varied by the Company in a general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

[See Explanatory Note (iv)]

Resolution 7

BY ORDER OF THE BOARD

PENG WEILE  
EXECUTIVE DIRECTOR  
15 April 2020  
SINGAPORE



# NOTICE OF ANNUAL GENERAL MEETING

## Explanatory Note:

- (i) If re-elected under Resolution 3, Mr. Peng Fei (George) will remain as a Non-executive director of the Company.
- (ii) If re-elected under Resolution 4, Mr. Chin Sin Beng will remain as an Independent Non-executive director of the Company.
- (iii) The Ordinary Resolution 7 proposed in item 8 above, if passed, will empower the Directors of the Company, effective from the date of this AGM 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 or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue shares and/or convertible securities in the Company up to a maximum of fifty per cent (50%) of the total number of issued Shares (excluding treasury shares) of which the aggregate number of shares and convertible securities to be issued other than on a pro rata basis to existing shareholders shall not exceed twenty per cent (20%) of the total issued Shares (excluding treasury shares).

## Notes:

- (1) (a) A member of the Company who is entitled to attend and vote at the Annual General Meeting and who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where such member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy. A proxy need not be a member of the Company. If the appointer is a corporation, the proxy must be executed under seal or the hand of its duly authorized officer or attorney.
- (b) A member of the Company who is entitled to attend and vote at the Annual General Meeting and who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend and vote in his stead. Where such member appoints more than one (1) proxy, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.

- (2) The instrument or form appointing a proxy, duly executed, must be deposited at the office of the Company's share registrar, RHT Corporate Advisory Pte. Ltd. (an In. Corp Group Company) at 30 Cecil Street #19-08 Prudential Tower, Singapore 049712 not less than 48 hours before the time appointed for holding the Annual General Meeting in order for the proxy to be entitled to attend and vote at the Annual General Meeting.
- (3) A member of the Company, which is a corporation, is entitled to appoint its authorized representative or proxy to vote on its behalf. A proxy need not be a member of the Company.
- (4) **PERSONAL DATA PRIVACY** By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents 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 Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (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.
- (5) **COVID-19 PRECAUTIONARY MEASURES. Shareholders who wish to exercise their vote but are concerned about the ongoing COVID-19 situation may wish to vote using the Proxy Form enclosed with this Notice of Annual General Meeting and deposit it with the office of the Company's share registrar, RHT Corporate Advisory Pte. Ltd. (an In. Corp Group Company), at 30 Cecil Street #19-08 Prudential Tower, Singapore 049712 not less than 48 hours before the time appointed for holding the Annual General Meeting.** Unless otherwise specified by the Shareholder, the Chairman of the Annual General Meeting will be appointed as his/her proxy.

The Company may require pre-registration prior to the Annual General Meeting to facilitate social distancing arrangements, with only pre-registered Shareholders and attendees permitted to enter the meeting venue.

The Company may also take such precautionary measures as it deems appropriate at the Annual General Meeting in light of the evolving COVID-19 situation, including any precautionary measures which may be required or recommended by government authorities, in order to minimise the risk of spreading COVID-19. Such measures may include the following:

All persons attending the Annual General Meeting in person are required to have his/her temperature checked by staff and/or sign a health and travel declaration form in respect of whether they have been to affected areas as advised by Singapore Ministry of Health ("**Affected Areas**") during the 14 days prior to the date of the Annual General Meeting (which the Company may use for the purposes of contact tracing, if required). Any person who has been in Affected Areas, irrespective of nationality, during the said 14-day period will not be permitted to attend the Annual General Meeting.

Any person who has a fever, is exhibiting flu-like symptoms or under a quarantine order, stay home notice or leave of absence will be declined entry to the Annual General Meeting.

Individuals who decline to adhere to these steps may be refused entry into the venue.

Shareholders and other attendees who are feeling unwell on the date of the Annual General Meeting are advised not to attend the Annual General Meeting. Shareholders and other attendees are also advised to arrive at the Annual General Meeting venue early given that the above-mentioned measures may cause delay in the registration process.

The Company reserves the right to take any other measures it deems appropriate so as to minimise risks to the attendees.

**Any changes will be announced by the Company on SGXNet and Shareholders are advised to check SGXNet for updates prior to the Annual General Meeting.**

The Company seeks the understanding and cooperation of all Shareholders and other attendees to minimise the risk of community spread of COVID-19.

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION PURSUANT TO RULE 720(6) OF THE LISTING MANUAL OF THE SGX-ST

Mr Peng Fei (George) and Mr Chin Sin Beng are the Directors seeking re-election at the forthcoming annual general meeting of the Company to be convened under Ordinary Resolutions 3 and 4 respectively as set out in the Notice of AGM dated 15 April 2020 (collectively, the “Retiring Directors” and each a “Retiring Director”).

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST is set out below:

NAME OF DIRECTOR	PENG FEI (GEORGE)	CHIN SIN BENG
Date of Last Re-Appointment	27 April 2018	15 November 2019
Age	50	62
Country of principal residence	China	Singapore
The Board’s comments on this appointment (including rationale, selection criteria, and the search and nomination process)	On recommendation of the Nominating Committee, the Board approved the appointment of Mr. Peng Fei (George) as Non-executive Director of the Company based on his qualifications, expertise and past experiences.	On recommendation of the Nominating Committee, the Board approved the appointment of Mr. Chin Sin Beng as Independent Director of the Company based on his qualifications, expertise and past experiences.
Whether appointment is executive, and if so, the area of responsibility	No	No
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-executive Director, member of Audit Committee, Remuneration Committee and Nominating Committee	Independent Director, Chairman of Audit Committee, member of Remuneration Committee and Nominating Committee
Working experience and occupation(s) during the past 10 years	2018 to present: HealthBank Holdings Limited – Executive Director and CEO  2017 to present: TNT Global Capital Pte Ltd – Non-Executive Director  2017 to 2018: Frontier Resources Limited – Director  2014 to 2015: Fu Hua Holdings Limited – Executive President  2011 to 2013: Reignwood International Investment Ltd. – President  2009 to 2011: CHINALCO Overseas Holdings Ltd – Vice-President	Foo Kon Tan LLP (Chartered Accountants of Singapore)
Shareholding interest in the listed issuer and its subsidiaries	Nil	Nil

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION PURSUANT TO RULE 720(6) OF THE LISTING MANUAL OF THE SGX-ST

NAME OF DIRECTOR	PENG FEI (GEORGE)	CHIN SIN BENG
Any relationship (including immediate family relationships) with any existing director, existing executive director, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Past (for the last 5 years)	Frontier Resources Limited	Communication Design International Limited
Present	HealthBank Holdings Limited – Executive Director and CEO  TNT Global Capital Pte Ltd – Non-Executive Director	Nil
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION PURSUANT TO RULE 720(6) OF THE LISTING MANUAL OF THE SGX-ST

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

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION PURSUANT TO RULE 720(6) OF THE LISTING MANUAL OF THE SGX-ST

NAME OF DIRECTOR	PENG FEI (GEORGE)	CHIN SIN BENG
(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
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
(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

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION PURSUANT TO RULE 720(6) OF THE LISTING MANUAL OF THE SGX-ST

NAME OF DIRECTOR	PENG FEI (GEORGE)	CHIN SIN BENG
<p>Any prior experience as a director of a listed company? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the Nominating Committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).</p>	<p>Yes.</p> <p>Mr. Peng Fei (George) has been a Director of Forise International Limited since 2015.</p> <p>He is currently also the Chief Executive Officer and Executive Director of HealthBank Holdings Limited.</p>	<p>Yes.</p> <p>Mr. Chin Sin Beng was an Independent Director of Communication Design International Limited.</p>

# FORISE INTERNATIONAL LIMITED

(Company Registration No. 200804077W)

(Incorporated in the Republic of Singapore)

## IMPORTANT

1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see note 2 for the definition of "relevant intermediary")
2. For investors who have used their CPF monies to buy the Company's shares, this Circular is sent to them at the request of their CPF Approved Nominees solely FOR INFORMATION ONLY.
3. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

## Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 15 April 2020.

I/We \_\_\_\_\_ (Name)

of \_\_\_\_\_ (Address)

being a \*member/members of **FORISE INTERNATIONAL LIMITED** (the "**Company**") hereby appoint:

Name	Address	*NRIC/Passport No.	Proportion of Shareholdings (%)

\*and/or

Name	Address	*NRIC/Passport No.	Proportion of Shareholdings (%)

or failing \*him/her/them, the Chairman of the Annual General Meeting of the Company as \*my/our \*proxy/proxies to vote for \*me/us on \*my/our behalf at the Annual General Meeting of the Company to be held at such deferred venue, date and time to be determined, and at any adjournment thereof. **Notice of this deferred venue, date and time of the AGM will be announced by the Company on SGXNet in due course.**

\*I/We direct \*my/our \*proxy/proxies to vote for or against the Resolutions to be proposed at the Annual General Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Annual General Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. All resolutions put to the vote at the Annual General Meeting shall be decided by way of poll.

\* Please delete accordingly

**(Please indicate your vote "For" or "Against" with a "X" within the box provided. Otherwise please indicate the number of votes)**

No.	Resolutions relating to:	For	Against
	Ordinary Business		
1.	Adoption of Audited Accounts, Directors' Statement and Independent Auditors' Report for financial year ended 31 December 2019		
2.	Payment of Directors' Fees amounting to S\$135,000 for financial year ending 31 December 2020, to be paid half-yearly in arrears		
3.	Re-election of Mr. Peng Fei (George) as a Director of the Company		
4.	Re-election of Mr. Chin Sin Beng as a Director of the Company		
5.	Re-appointment of Nexia TS Public Accounting Corporation as Independent Auditors of the Company		
	<b>Special Business</b>		
6.	Authority to Directors to allot and issue new shares pursuant to Section 161 of the Companies Act, Cap. 50		

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

Total No. of Shares	No. of Shares
In CDP Register	
In Register of Members	

Signature(s) of Member(s)/Common Seal

**IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM**

**Notes:**

- 1 Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Cap 289) of Singapore), you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. 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. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
- 2 (a) A member of the Company who is entitled to attend and vote at the Annual General Meeting and who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where such member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy. A proxy need not be a member of the Company. If the appointer is a corporation, the proxy must be executed under seal or the hand of its duly authorized officer or attorney.  
  
(b) A member of the Company who is entitled to attend and vote at the Annual General Meeting who is and who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend and vote in his stead. Where such member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy. A proxy need not be a member of the Company. If the appointer is a corporation, the proxy must be executed under seal or the hand of its duly authorized officer or attorney.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.

- 3 The instrument appointing a proxy or proxies must be deposited at the office of the Company's share registrar, RHT Corporate Advisory Pte. Ltd. (an In. Corp Group Company) at 30 Cecil Street #19-08 Prudential Tower, Singapore 049712 not less than 48 hours before the time appointed for the meeting.
- 4 Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
- 5 The instrument appointing a proxy or proxies must be under the hand of the appointer or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or a duly authorised officer.
- 6 Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
- 7 A corporation that 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.
- 8 The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares 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.



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