FH 复华国际
FORISE INTERNATIONAL LIMITED



ANNUAL REPORT 2018

PROVIDING CREATIVE SOLUTIONS



CONTENTS

02	CHAIRMAN STATEMENT
04	FINANCIAL HIGHLIGHTS
05	FINANCIAL REVIEW
07	GROUP STRUCTURE
08	BOARD OF DIRECTORS
11	KEY MANAGEMENT
12	CORPORATE INFORMATION
13	CORPORATE GOVERNANCE, RISK MANAGEMENT AND SUSTAINABILITY REPORTS
34	DIRECTORS' STATEMENT
38	INDEPENDENT AUDITOR'S REPORT
42	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
43	CONSOLIDATED BALANCE SHEET
44	BALANCE SHEET – COMPANY
45	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
46	CONSOLIDATED STATEMENT OF CASH FLOWS
47	NOTES TO THE FINANCIAL STATEMENTS
101	STATISTICS OF SHAREHOLDINGS
103	NOTICE OF ANNUAL GENERAL MEETING
	PROXY FORM

INNOVATIVE

ADVISORY SERVICES

CHAIRMAN **STATEMENT**



"In the process of strengthening our business performance, we recognised the importance of integrating ESG (Environmental, Social and Governance) factors into our business model to play a part in promoting sustainability."

Dear Shareholders,

2018 was a turbulent year for the Chinese market against the backdrop of an economic slowdown underscored by GDP growth of 6.6%, the slowest in the past 28 years. Escalating trade tensions between the US and China in the form of trade tariffs have affected both countries' equity and currency markets.

During the year, we have forged ahead to focus on our core business of providing corporate advisory services to fund and investment managers. Although our principal business activity is not entirely dependent on the macro economy of China, it is still susceptible to the level of corporate activity and buoyancy of the capital markets in China. Nevertheless, we have managed to maintain our network of clienteles through our strategic and comprehensive services.

CHAIRMAN **STATEMENT**

KEY MILESTONES IN 2018

Following the discontinuation of our garment trading business in 2017 and proposed disposal of garment trading entities as announced on 1 February 2019, we have progressively divested all our garment trading business. Given increased trade protectionism, intense industrial competition, rising costs and weakening demand in both the PRC and global markets, this appears to have been a good decision. This move has allowed us to dispose our loss-making assets and allocate our available resources more efficiently to grow our present corporate advisory business.

In the process of strengthening our business performance, we recognised the importance of integrating ESG (Environmental, Social and Governance) factors into our business model to play a part in promoting sustainability. Towards this end, we actively organised corporate social responsibility events such as visiting Lee Ah Mooi's Old Age Home in November 2018. During our visit, we had meaningful interactions with the residents and provided the residents with buffet lunch, as well as food donations. We believe that by doing our part for society, we can help deliver sustainable development and benefit all our stakeholders.

As testament to our repositioning, we were ranked one of the top Singapore 1,000 companies under the public listed companies category for 2 consecutive years in 2018 and 2019. The ranking was done by DP Information Group, one of Singapore's veteran information and credit bureau.

2018 PERFORMANCE REVIEW

The Group's revenue for FY2018 dipped by 49.3% to RMB9.82 million from RMB19.39 million in FY2017. 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 sharp decrease in China's major stock exchange.

As a result, the Group reported net profit of RMB1.65 million in the year under review against RMB2.47 million in the previous year.

FUTURE OUTLOOK

The Group expects the global and equity markets to remain challenging in 2019. Uncertainties led by a moderation in China's economic growth maybe intensified by trade tensions between China and US. The equity and currency markets have both suffered unintended consequences as a result of these fallouts.

As our industry performs better when markets 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 focus on the development of our corporate advisory business while we continue to implement more cost-saving measures.

ACKNOWLEDGEMENTS

I would like to extend my appreciation to Ms. Lee Kim Lian, Juliana who stepped down as Independent Director (ID) on 31 December 2018. We are grateful to the invaluable contribution and guidance that she has rendered the Group during her term.

I would also like to take this opportunity to welcome Mr. Azman Hashim Bin Ja'afar who has joined us as ID on 1 January 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.

Mr. Wang Xin
Executive Chairman

FINANCIAL **HIGHLIGHTS**

REVENUE

RMB 9.82M

PROFIT BEFORE TAX

RMB3.42M

NET PROFIT

RMB 1.65M

EARNINGS/(LOSSES) PER SHARE (BASIC & DILUTED)

CONTINUING OPERATIONS

0.08RMB CENTS

DISCONTINUED OPERATIONS

(0.01)RMB CENTS

NET ASSETS VALUE

2.15 RMB CENTS

OPERATING CASH FLOWS

RMB4.23M

CASH & BANK BALANCES

RMB22.19M

SHAREHOLDERS' EQUITY

RMB45.84M

FINANCIAL **REVIEW**

FINANCIAL PERFORMANCE

The core business of the Group comprises providing strategic planning, corporate advisory, financial restructuring advisory and management consultancy services. The Group's revenue for the financial year ended 31 December 2018 ("FY2018") decreased by RMB9.57 million, from RMB19.39 million for the financial year ended 31 December 2017 ("FY2017") to RMB9.82 million for FY2018. The fall in revenue was mainly due to fewer corporate advisory contracts being clinched in FY2018 as compared to FY2017.

Other income of the Group increased by RMB2.91 million, from RMB0.39 million in FY2017 to RMB3.30 million in FY2018. The increase was attributable to a rental income of RMB0.66 million from sub-letting of office space to related companies and the receipt of incentive grant of RMB1.10 million from Tianjin Local Tax Authority for setting up a company within the local proximity. The Group's interest income also increased by RMB1.16 million, from RMB0.17 million in FY2017 to RMB1.33 million in FY2018. The increase was attributable to an increase in interest-bearing loans to an associated company and the placement of fixed deposits with higher interest yield.

The Group recorded a foreign currency exchange gain of approximately RMB1.15 million in FY2018. As the Group was in net United States Dollar ("USD") and Singapore Dollar ("SGD") assets position, the appreciation of USD and SGD against Renminbi ("RMB") contributed to the foreign currency exchange gain.

There were no consultancy charges incurred in FY2018 as the consultancy service contracts were completed using the internal resources of the Group.

Employee compensation expenses increased by RMB0.49 million in FY2018, from RMB3.83 million in FY2017 to RMB4.32 million in FY2018, mainly due to higher employee costs in Tianjin WFOE.

Professional fees of the Group decreased by RMB2.00 million in FY2018, from RMB2.71 million in FY2017 to RMB0.71 million in FY2018. The decrease was due to more professional services rendered during FY2017 in relation to the Company's Rights Issue (particularly fees paid to Rights Issue manager and legal advisor), Cayman Segregated Portfolio Company set up fees and other advisory matters.

Rental on operating leases of the Group increased by RMB0.43 million in FY2018, from RMB3.02 million in FY2017 to RMB3.45 million in FY2018. The increase was mainly attributable to higher office rental expenses incurred by Tianjin WFOE, offset against lower rental expenses in the Singapore office.

The Group recognised its share of losses in a joint venture and its share of profits in an associated company of RMB0.08 million and RMB0.02 million respectively for the financial year ended 31 December 2018.

The income tax expenses of RMB1.77 million for FY2018 was incurred solely by Tianjin WFOE which translated into effective tax rate of 51.67%. The effective tax rate was significantly higher than China's statutory tax rate of 25% because losses made by other group entities with different tax jurisdictions cannot be offset against profits earned by Tianjin WFOE.

For the garment trading segment which was presented as "Discontinued Operations", the Group has recorded a net loss of RMB0.25 million in FY2018.

FINANCIAL POSITION

Non-Current Assets

Non-current assets decreased by RMB0.09 million from RMB5.30 million in FY2017 to RMB5.21 million in FY2018. This was due to an increase in investment in an associated company arising from the share of profits of RMB0.02 million for FY2018, being set-off against the Group's share of losses from joint venture in the amount of RMB0.08 million in FY2018; and decrease of property, plant and equipment arising from the depreciation expense of RMB0.02 million in FY2018.

Current Assets

As at 31 December 2018, the current assets of the Group amounted to RMB43.05 million and accounted for 89.2% of the Group's total assets. The Group's current assets mainly comprise cash and cash equivalents and trade and other receivables.

Cash and cash equivalents decreased by RMB12.77 million from RMB34.96 million in FY2017 to RMB22.19 million in FY2018, mainly due to net cash used in investing activities of RMB17.00 million offset against the net cash generated from operating activities of RMB4.23 million.

FINANCIAL **REVIEW**

Trade and other receivables increased by RMB11.63 million, from RMB8.60 million in FY2017 to RMB20.23 million in FY2018. The increase was mainly due to:

i) Decrease in trade receivables of RMB6.49 million as a result of subsequent collection from debtors, offset against

ii) Increase in other receivables from RMB2.11 million to RMB20.23 million, mainly attributable to net interest-bearing loans of RMB17.00 million made to an associated company during FY2018 and the accumulated loan interest receivable. The loans to the associated company are interest-bearing at rates ranging from 8% to 9% per annum and are recoverable within 8-12 months.

Current liabilities

As at 31 December 2018, the current liabilities of the Group amounted to RMB2.42 million which were mainly trade and other payables and current income tax liabilities.

Trade and other payables decreased by RMB1.62 million from RMB2.98 million in FY2017 to RMB1.36 million in FY2018. The decrease was mainly due to settlement of trade and other payables.

The current income tax liabilities of RMB1.06 million as at 31 December 2018 were mainly related to provisions for income tax made in FY2016 with respect to revenue generated from a Hong Kong Garment Trading Company.

Shareholder's equity

Consequent to the above, total shareholder's equity improved from RMB44.44 million in FY2017 to RMB45.84 million in FY2018.

CASH FLOW

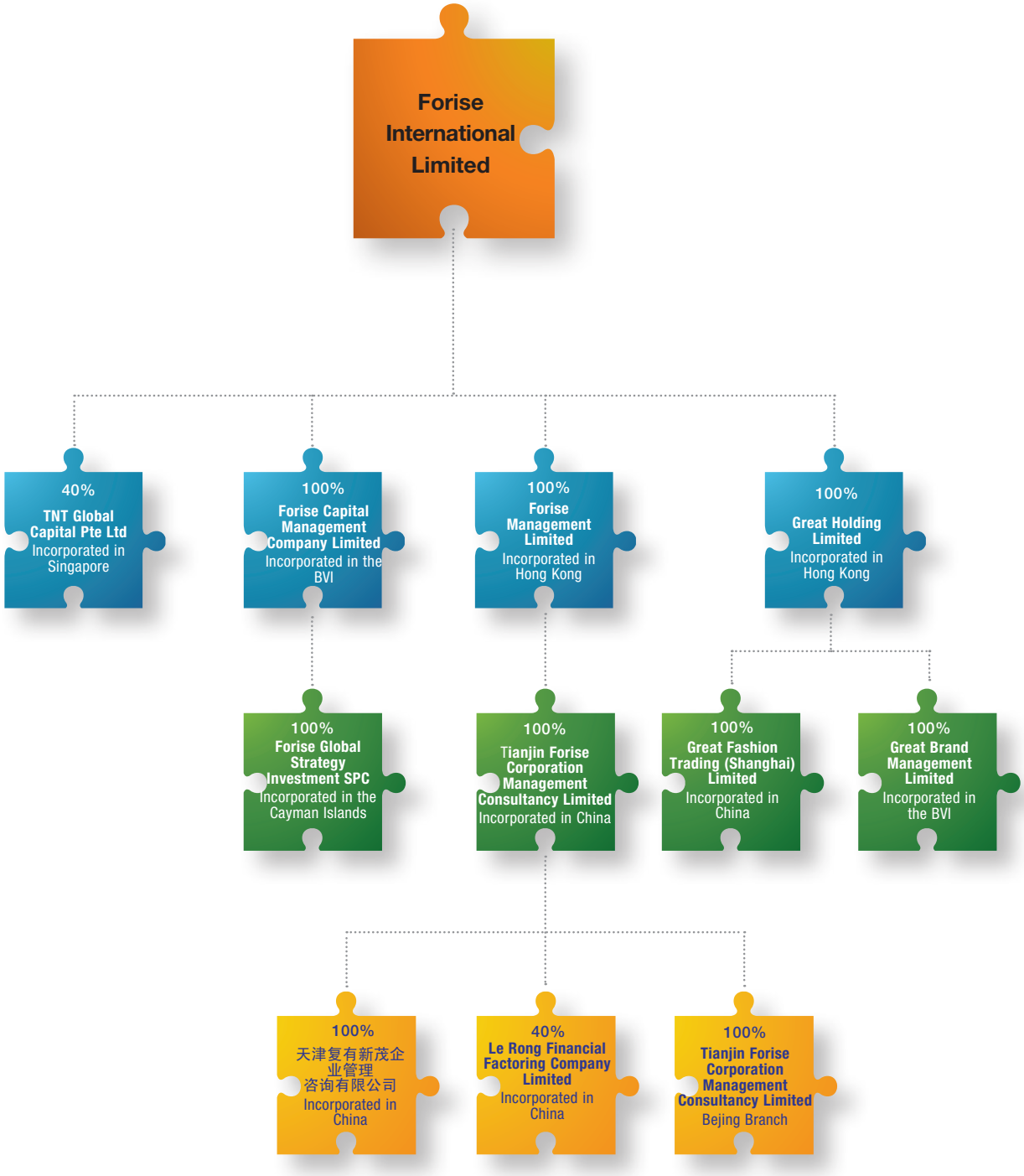
The Group generated net cash flows from operating activities of RMB4.23 million in FY2018. This was mainly due to reductions in both trade receivables and trade and other payables offset against the operating profits for the financial year.

Net cash used in investing activities was RMB17.00 million in FY2018 was mainly due to the interest-bearing loans made to the associated company.

Consequently, cash and cash equivalents decreased by RMB12.77 million for FY2018.



GROUP **STRUCTURE**



BOARD OF **DIRECTORS**



MR. WANG XIN ("Mr. Wang") is the Executive Chairman of the Group. He was appointed to our Board on 19 August 2015 and was last re-elected at the Company's AGM on 29 April 2016. He formulates and sets strategic directions for the Group and is responsible for the daily operation management, development and growth of the Group.

Mr. Wang has over 20 years of experience in the business development, direct investment, asset management, corporate advisory, strategic planning with strong knowledge relating to financial market in PRC, Hong Kong, Singapore and Australia. He is responsible for the Group's top layer design and master plan, as well as strategic development plan.

Mr. Wang has been the Chairman of Fu Hua Holdings Limited since 2013. Mr. Wang is also serving as the Chairman of Dongyan Hi-Tech (Beijing) Environment Protection Technology Co. Ltd since 2009. Prior to his chairmanship, he was the General Manager of Beijing Guo Run Zhong He Technology Development Co Ltd from 2005 to 2009.



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 is responsible for executing the strategic directions set by the Board, and is also responsible for the management of the Group, including areas such as corporate finance, corporate governance and compliance, investments, IR&PR and develop strategic partnership with financial institutions.

He has over sixteen 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 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.

BOARD OF **DIRECTORS**



MR. CHRISTOPHER CHONG MENG TAK ("Mr. Chong") is our Lead Independent Director. He was appointed to the Board on 19 August 2015 and was last re-elected at the Company's AGM on 27 April 2017.

Mr. Chong is a partner of ACH Investments Pte. Ltd., a corporate advisory firm regulated by the Monetary Authority of Singapore. He is currently the independent director of other public companies, including, GLG Corp Ltd listed on the Australian Stock Exchange and ASL Marine Holdings Ltd, listed on the Singapore Stock Exchange. Mr. Chong is also a director and/or an adviser to several private companies, significant Asian families and a regulatory branch of the Singapore Government.

Mr. Chong has significant experience in capital markets, securities law, corporate governance and corporate affairs. Prior to co-founding ACH Investments Pte. Ltd, he was a multi-award winning analyst and the managing director of HSBC Securities (Singapore) Pte. Ltd, formerly known as HSBC James Capel Securities (Singapore) Pte. Ltd, and prior to this was an executive director of UOB Kay Hian Holdings Ltd, formerly known as Kay Hian James Capel Ltd.

Mr. Chong holds a Bachelor of Science degree in Economics (1st Honour) from the University College of Wales and a Master of Business Administration degree from the London Business School. He is a member of the Institute of Chartered Accountants of Scotland, a Fellow of the Australian Institute of CPAs, a Fellow of the Hong Kong Institute of Certified Public Accountants, a Fellow of the Singapore Institute of Directors, a Fellow Australian Institute of Company Directors and a Master Stockbroker of the Securities and Derivatives Industry Association of Australia.



MR. SAN MENG CHEE ("Mr. San") is our Independent Director. He was appointed to the Board on 13 March 2014 and was last re-elected at the Company's AGM on 29 April 2016.

Mr. San has more than 20 years of experience in accounting, financial and corporate matters and is currently the Chief Financial Officer of Mencast Holdings Ltd. Between 2006 to early 2017, he held senior financial positions in listed companies and served as Chief Financial Officer of New Toyo International Holdings Ltd and Superior Multi-Packaging Limited. Prior to that, he was the Group Financial Controller of New Toyo International Holdings Ltd from October 2004 to August 2006. Mr. San also currently sits on the board of Astaka Holdings Limited.

He holds a Bachelor of Business degree in Accountancy from the Edith Cowan University, Western Australia and is a fellow member of CPA Australia.

BOARD OF **DIRECTORS**



MR. AZMAN HASHIM 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 Deputy 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. He speaks Mandarin and Bahasa Indonesia, and is a regular speaker at seminars on mergers and acquisitions, initial public offerings and regulatory compliance in Singapore.

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



MR. PENG FEI 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. Peng served as Executive Director and Chief Executive Officer ("CEO") of SMJ International Holdings Ltd and Director of Frontier Resources Limited (Company listed on Australian Stock Exchange), where he is responsible to drive its strategic direction, as well as manage the Group's corporate finance investments and overseas expansion. Mr. 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. Peng Fei 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. Peng Fei 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. Peng Fei holds a MSc in Finance and Investment with Distinction from Durham University, UK.

KEY MANAGEMENT

CHEONG YEE YANG

Cheong Yee Yang joined our Group as Group Finance Manager in February 2017 and has recently 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 the Association of Chartered Certified Accountants ("ACCA").

YUEN HUI (Resigned on 17 January 2019)

Yuen Hui joined our Tianjin Wholly Foreign Owned Entity ("WFOE") as Executive Director in December 2016. Mr. Yuen is responsible for the operations of the corporate advisory activities of Tianjin WFOE.

Prior to joining our Group, Mr. Yuen has over 10 years of experience in corporate advisory, and has gained through his past employments with Arthur D. Little, Value Partners Management Consulting, The Balloch Group, Finergy Capital and Zijin Trust Co., Ltd.

Mr. Yuen holds a Bachelor degree in Communication Engineering from Beijing Institute of Technology and MBA from University of Western Ontario, Canada.

MA ZHE

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

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

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 Directors

Wang Xin *(Executive Chairman)*
Leo Peng WeiLe

Non-Executive Directors

Peng Fei
Christopher Chong Meng Tak
(Lead Independent Director)
San Meng Chee
Azman Hashim Bin Ja'afar

AUDIT COMMITTEE

Christopher Chong Meng Tak *(Chairman)*
San Meng Chee
Azman Hashim Bin Ja'afar

REMUNERATION COMMITTEE

San Meng Chee *(Chairman)*
Christopher Chong Meng Tak
Azman Hashim Bin Ja'afar

NOMINATION COMMITTEE

Azman Hashim Bin Ja'afar *(Chairman)*
Christopher Chong Meng Tak
San Meng Chee

REGISTERED AND SINGAPORE OFFICE

80 Raffles Place
#11-20 UOB Plaza 2
Singapore 048624
Tel: (65) 65323008
Fax: (65) 65323007

COMPANY SECRETARIES

Ong Wei Jin, LL.B. *(Hons)*
Teo Li Mei, LL.B. *(Hons)*

SHARE REGISTRAR AND SHARE TRANSFER

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

INDEPENDENT AUDITOR

Nexia TS Public Accounting Corporation
100 Beach Road
#30-00 Shaw Tower
Singapore 189702
Director-in-charge: Low See Lien
(appointed since 2017)

PRINCIPAL BANKERS

United Overseas Bank
Citibank N.A. Singapore
Bank Julius Baer & Co. Ltd.



CORPORATE GOVERNANCE, RISK MANAGEMENT AND SUSTAINABILITY REPORTS

Forise International Limited (the "**Company**") recognises the importance of a high standard of corporate governance 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. This report outlines the Company's corporate governance framework and practices with specific reference to the Singapore Code of Corporate Governance 2012 (the "**Code**") for the financial year ended 31 December 2018 ("**FY2018**"). The Company has complied with the principles of the Code where appropriate. Explanations are provided where there are deviations from the Code.

On 6 August 2018, the Code of Corporate Governance 2018 (the "**2018 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. The Group has currently where possible adhered to the guidance provided, and will review and set out the corporate practices in place to comply with the 2018 Code where appropriate in the next Annual Report.

1. BOARD MATTERS

1.1 THE BOARD'S CONDUCT OF AFFAIRS

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

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

Executive Directors

Wang Xin	Executive Chairman
Peng Weile	Executive Director

Non-Executive Directors

Peng Fei	Non-Executive Director
Christopher Chong Meng Tak	Lead Independent Director
Azman Hisham Bin Ja'afar	Independent Director
San Meng Chee	Independent Director

The Board is collectively responsible for the long-term success of the Company and works with Management to achieve this objective and Management remains accountable to the Board. 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;

CORPORATE GOVERNANCE, RISK MANAGEMENT AND SUSTAINABILITY REPORTS

1. BOARD MATTERS (CONTINUED)

1.1 THE BOARD'S CONDUCT OF AFFAIRS (CONTINUED)

(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.

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 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 objectively discharge their duties and responsibilities at all times as fiduciaries and make decisions in the interests of the Company.

To further assist in the execution of its responsibilities, the Board has established a number of committees, namely 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 whenever necessary to discharge their duties. 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.

CORPORATE GOVERNANCE, RISK MANAGEMENT AND SUSTAINABILITY REPORTS

1. BOARD MATTERS (CONTINUED)

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

The number of meetings held by the Board and Board Committees and attendance for FY2018 are summarized in the table below:

	Board		AC		RC		NC	
	Nos. of meeting		Nos. of meeting		Nos. of meeting		Nos. of meeting	
Name of Director	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Wang Xin	4	4	5	5	1	–	2	–
Peng Weile	4	4	5	5	1	1	2	1
Peng Fei	4	4	5	5	1	–	2	–
Christopher Chong Meng Tak	4	4	5	5	1	1	2	2
San Meng Chee	4	4	5	5	1	1	2	2
Lee Kim Lian, Juliana[1]	4	4	5	5	1	1	2	2
Azman Hisham bin Ja'afar[2]	4	N.A.	5	N.A.	1	N.A.	2	N.A.

Notes:

(1) Ms. Lee Kim Lian Juliana ceased to be the Independent Director of the Company with effect from 31 December 2018.

(2) Mr. Azman Hisham Bin Ja'afar was appointed as Independent Director of the Company on 1 January 2019 and therefore did not attend any meetings in 2018.

The Management and Executive Directors update the Board at each Board meeting on the business and strategic developments of the Group. The Management also highlights the salient issues as well as the risk management considerations for the industry the Group is in. During the financial year reported on, the Directors also received training and briefing (either in-house or externally by auditors, company secretary, Management and/or other relevant professionals and during Board or ad hoc sessions) on changes to laws and regulations and accounting standards as well as commercial risks and development impacting on the Group.

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. Training is encouraged and will be given to newly appointed Directors who have no prior experience as a Director of a listed company. 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.

CORPORATE GOVERNANCE, RISK MANAGEMENT AND SUSTAINABILITY REPORTS

1. BOARD MATTERS (CONTINUED)

1.2 BOARD COMPOSITION AND GUIDANCE

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

The Board currently has six (6) members, comprising two (2) Executive Directors, and four (4) non-Executive Directors of which three (3) are Independent Directors. The Company fulfils the Code's requirement that at least one-third of the Board should comprise Independent Directors, and also fulfils the requirement that Independent Directors should make up at least half of the Board where the Chairman is not an Independent Director.

The criterion for independence is based on the definition given in the Code. The Code defines an Independent Director as one who has no relationship with the company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the 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 three (3) Independent Directors have confirmed their independence and that they do not have any relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of their independent judgment. The NC has also reviewed and is of the view that the three (3) Independent Directors are independent in accordance with the definition of independence in the Code. 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.

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. They monitor and review the reporting and performance of Management in meeting agreed goals and objectives. The Independent Directors meet on their own as warranted without the presence of 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 mix of expertise and experience, and collectively possesses the necessary core competencies for effective functioning and informed decision-making.

The Board is of the view that 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.

CORPORATE GOVERNANCE, RISK MANAGEMENT AND SUSTAINABILITY REPORTS

1. BOARD MATTERS (CONTINUED)

1.2 BOARD COMPOSITION AND GUIDANCE (CONTINUED)

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 to 10 of this Report:

Name of Director	Date of initial Appointment	Date of last re-election	Directorships in other listed companies	
			Current	Past 3 Years
Wang Xin	19 August 2015	29 April 2016	Nil	Nil
Peng Weile	19 August 2015	27 April 2018	• SMJ International Holdings Limited	• Sino-Excel Energy Limited (delisted on 29 August 2016)
Peng Fei	19 August 2015	27 April 2018	• SMJ International Holdings Limited • Frontier Resources Limited	Nil
Christopher Chong Meng Tak	19 August 2015	27 April 2017	• GLG Corp Limited • ASL Marine Holdings Limited	• Koon Holdings Limited • Yingli International Real Estate Limited • Singapore O&G Limited • Emerging Towns Cities Singapore Limited (formerly known as Cedar Strategic Holdings Limited)
San Meng Chee	13 March 2014	29 April 2016	• Astaka Holdings Limited	Nil
Azman Hisham Bin Ja'afar	1 January 2019	–	Nil	• EpiCentre Holdings Limited

1.3 CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

Mr. Wang Xin is the Executive Chairman of the Company. He is responsible for the overall management and strategic development of the Group. The Company currently does not have a CEO. Since the Executive Chairman is not an Independent Director, as good corporate governance practice and to ensure that there is no concentration of power and authority vested in one individual, the Group has appointed Mr. Christopher Chong Meng Tak as the Lead Independent Director. The Lead Independent Director 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 meet periodically without the presence of the other Directors, and the Lead Independent Director provides feedback to the Chairman after such meetings.

CORPORATE GOVERNANCE, RISK MANAGEMENT AND SUSTAINABILITY REPORTS

1. BOARD MATTERS (CONTINUED)

1.3 CHAIRMAN AND CHIEF EXECUTIVE OFFICER (CONTINUED)

As Executive Chairman of the Board, Mr. Wang Xin bears responsibility for the effective working of the Board. 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.

1.4 BOARD MEMBERSHIP

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to 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 Mr. Azman Hisham Bin Ja'afar (Chairman), Mr. Christopher Chong Meng Tak and Mr. San Meng Chee, all of whom, including the Chairman, are independent.

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) Wang Xin (per Regulation 107)

(b) San Meng Chee (per Regulation 107)

(c) Azman Hisham Bin Ja'afar (per Regulation 117)

Mr Wang Xin, Mr San Meng Chee and Mr Azman Hisham Bin Ja'afar, 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. Notwithstanding the number of listed company board representations and other principal commitments which some of the Directors are holding, the NC 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 FY2018. The Board has no alternate Directors.

CORPORATE GOVERNANCE, RISK MANAGEMENT AND SUSTAINABILITY REPORTS

1. BOARD MATTERS (CONTINUED)

1.5 BOARD PERFORMANCE

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

Annually, the NC performs an evaluation of the overall effectiveness of the Board and the Board Committees. The evaluation process is undertaken as an internal exercise and involves Board members completing an evaluation form 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.

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 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. 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. 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.

1.6 ACCESS TO INFORMATION

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

The Company recognises the importance of continual dissemination of relevant information which is explicit, accurate, timely and vital to the Board in carrying out its duties. The Management reports to the Board the Company's progress and drawbacks in meeting its strategic business objectives or financial targets and other information relevant to the strategic issues encountered by the Company in a timely and accurate manner to enable the Directors to be cognizant of the decisions and actions of the executive management. Types of information provided by Management to the Independent Directors include management accounts, internal income statement forecast, external and internal auditors' reports, background or explanatory information relating to matters to be brought before the Board and periodic updates on the Group's operations.

CORPORATE GOVERNANCE, RISK MANAGEMENT AND SUSTAINABILITY REPORTS

1. BOARD MATTERS (CONTINUED)

1.6 ACCESS TO INFORMATION (CONTINUED)

The Directors have unrestricted access to records and information of the Group, and have separate and independent access to the Company Secretary, the independent auditor and to other senior management of the Group at all times in carrying out their functions. The Company Secretary attends or is represented at all meetings of the Board and Board Committees, ensures a good flow of information within the Board and between the Management and Independent Directors, attends to corporate secretariat administration matters, 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 subject to the approval of the Board.

Changes to regulations are closely monitored by management and for changes which have an important bearing on the Company or the Directors' disclosure obligations, the Directors are briefed during the Board meetings.

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.

2. REMUNERATION MATTERS

2.1 PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The RC comprises Mr. San Meng Chee (Chairman), Mr. Christopher Chong Meng Tak and Mr. Azman Hisham Bin Ja'afar, all of whom, including the Chairman, are independent.

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.

CORPORATE GOVERNANCE, RISK MANAGEMENT AND SUSTAINABILITY REPORTS

2. REMUNERATION MATTERS (CONTINUED)

2.1 PROCEDURES FOR DEVELOPING REMUNERATION POLICIES (CONTINUED)

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 FY2018, the RC did not require the services of an external remuneration consultant.

2.2 LEVEL AND MIX OF REMUNERATION

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

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 of the Company do not have service agreements. They receive Directors' fees, which take into account their contribution and 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 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. The Forise Performance Share Scheme is administered by the RC with such discretion, powers and duties as are conferred on it by the Board. A member of the RC shall not be involved in the deliberations of the RC in respect of the grant of awards to himself.

CORPORATE GOVERNANCE, RISK MANAGEMENT AND SUSTAINABILITY REPORTS

2. REMUNERATION MATTERS (CONTINUED)

2.3 DISCLOSURE ON REMUNERATION

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

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.

Details of remuneration of Directors

The breakdown of remuneration paid to or accrued to each Director for FY2018 is as follows:

Remuneration Band and Name of Director	Director Fees %[1]	Salary %	Bonus %	Total %	Total S$ ('000)
Below S$250,000					
Wang Xin	–	85.7	14.3	100	–
Peng Weile	–	77.7	22.3	100	–
Peng Fei	70.0	30.0	–	100	–
Christopher Chong Meng Tak	100	–	–	100	55
Lee Kim Lian, Juliana[2]	100	–	–	100	45
San Meng Chee	100	–	–	100	45
Azman Hisham Bin Ja'afar[3]	–	–	–	–	–

Notes:

(1) The Directors' fees were approved at the Company's Annual General Meeting held on 27 April 2018.

(2) Ms. Lee Kim Lian, Juliana ceased to be the Independent Director of the Company with effect from 31 December 2018.

(3) Mr. Azman Hisham Bin Ja'afar was appointed as Independent Director of the Company on 1 January 2019 and therefore did not draw any Director's fees in 2018.

CORPORATE GOVERNANCE, RISK MANAGEMENT AND SUSTAINABILITY REPORTS

2. REMUNERATION MATTERS (CONTINUED)

2.3 DISCLOSURE ON REMUNERATION (CONTINUED)

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 FY2018 is as follows:

Key Executives Below S$250,000	Salary %	Bonus %	Other benefits %	Total %
Cheong Yee Yang	92.3	7.7	–	100
Yuen Hui[1]	63.3	36.7	–	100
Ma Zhe[2]	100	–	–	100
Su Yu Jie	83.2	16.8	–	100
Li Sha Sha[3]	100	–	–	100
Qiao Zhenni[4]	100	–	–	100
Lui Qing[5]	100	–	–	100
Li Chunying[6]	100	–	–	100
Liu Ying[7]	100	–	–	100

Notes:

(1) Yuen Hui resigned on 17 January 2019.
(2) Ma Zhe was appointed on 1 March 2018.
(3) Li Sha Sha resigned on 3 August 2018.
(4) Qiao Zhenni was appointed on 1 November 2018.
(5) Lui Qing resigned on 13 November 2018.
(6) Li Chunying resigned on 27 April 2018.
(7) Liu Ying was appointed on 1 July 2018.

The aggregate total remuneration paid to the top six (6) key executive personnel (who are not Directors or the CEO) for FY2018 is approximately RMB1,869,000.

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 six (6) 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 FY2018.

All Directors and executives (save for those who are controlling shareholders) are eligible to participate in the Forise Performance Share Scheme, details of which are set out in the Directors' Statement. As at 31 December 2018, there are no outstanding share awards granted.

CORPORATE GOVERNANCE, RISK MANAGEMENT AND SUSTAINABILITY REPORTS

3. ACCOUNTABILITY AND AUDIT

3.1 ACCOUNTABILITY

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

The Board is accountable to 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 of the SGX-ST ("**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.

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.

3.2 RISK MANAGEMENT AND INTERNAL CONTROLS

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

The Board 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 regards, 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.

CORPORATE GOVERNANCE, RISK MANAGEMENT AND SUSTAINABILITY REPORTS

3. ACCOUNTABILITY AND AUDIT (CONTINUED)

3.2 RISK MANAGEMENT AND INTERNAL CONTROLS (CONTINUED)

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.

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, 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 FY2018, 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) of the 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 FY2018.

3.3 AUDIT COMMITTEE

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

The AC comprises Mr. Christopher Chong Meng Tak (Chairman), Mr. Azman Hisham Bin Ja'afar and Mr. San Meng Chee, all of whom, including the Chairman, are Independent Directors.

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;

CORPORATE GOVERNANCE, RISK MANAGEMENT AND SUSTAINABILITY REPORTS

3. ACCOUNTABILITY AND AUDIT (CONTINUED)

3.3 AUDIT COMMITTEE (CONTINUED)

(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 members of the AC including the AC Chairman have recent and relevant experience or expertise in accounting and financial management, and 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.

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.

None of the members of the AC is a former partner or director of the Company's present auditors.

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)

3.3 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.

Revenue recognition of corporate advisory business

For the financial year ended 31 December 2018, the Group's revenue generated from corporate advisory services amounted to RMB9.8 million. The revenue recognition differs based on the terms and conditions of the contracts. Revenue is recognised when the performance obligations 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 clients provide written acknowledgement confirming that the services have been rendered.

The AC concurs with Management's assessment on revenue recognition of corporate advisory business.

The AC has reviewed and noted that there was no non-audit services provided to the Group by the independent auditors, Messrs Nexia TS Public Accounting Corporation ("**Nexia**"), an accounting firm registered with the Accounting and Corporate Regulatory Authority. 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. In this connection, the Company has complied with Rule 712 and 715 of the Listing Manual. The fees paid/payable to Nexia, the independent auditors, for FY2018 was approximately S$57,000.

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 access to professional resources.

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 whistleblowers.

There were no reported incidents pertaining to whistle-blowing during FY2018 and until the date of this Annual Report.

CORPORATE GOVERNANCE, RISK MANAGEMENT AND SUSTAINABILITY REPORTS

3. ACCOUNTABILITY AND AUDIT (CONTINUED)

3.4 INTERNAL AUDIT

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

The 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 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, and ensure that the internal auditors meets or exceeds the standards set by nationally or internationally recognised professional bodies.

The Company has recently implemented an ERM framework to improve its business and operational activities in the identification of significant business risks and the appropriate measures to mitigate or control these risks.

4. SHAREHOLDERS RIGHT AND RESPONSIBILITIES

4.1 SHAREHOLDER RIGHTS

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

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.

4.2 COMMUNICATION WITH SHAREHOLDERS

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

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.

CORPORATE GOVERNANCE, RISK MANAGEMENT AND SUSTAINABILITY REPORTS

4. SHAREHOLDERS RIGHT AND RESPONSIBILITIES (CONTINUED)

4.2 COMMUNICATION WITH SHAREHOLDERS (CONTINUED)

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.

The Company does not have a formal investor relations policy. Pertinent information is regularly conveyed to the Shareholders through SGXNet and the corporate website "www.foriseinternational.com". Shareholders may also send their queries to the address provided on the corporate website – "contact@foriseinternational.com".

4.3 CONDUCT OF SHAREHOLDERS' MEETINGS

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

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.

CORPORATE GOVERNANCE, RISK MANAGEMENT AND SUSTAINABILITY REPORTS

4. SHAREHOLDERS RIGHT AND RESPONSIBILITIES (CONTINUED)

4.3 CONDUCT OF SHAREHOLDERS' MEETINGS (CONTINUED)

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.

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 will start to publish minutes of its upcoming general meetings on its corporate website (including minutes of the upcoming AGM to be held on 29 April 2019).

ADDITIONAL INFORMATION

5. MATERIAL CONTRACTS

Save as disclosed in paragraph 7 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 FY2018 or if not then subsisting, entered into since the end of the previous financial year.

6. 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.

7. 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.

CORPORATE GOVERNANCE, RISK MANAGEMENT AND SUSTAINABILITY REPORTS

7. INTERESTED PERSON TRANSACTIONS (CONTINUED)

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 2018.

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

As at 31 December 2018, the details on the utilization of proceeds for the above rights issue are as follows:

Intended use of Net Proceeds	Amount re-allocated in 2017 S$' million	Amount utilized up to 31 December 2018 S$' million	Balance as at 31 December 2018 S$' million
To fund new potential investments and businesses through acquisitions, joint ventures and/or collaborations in businesses	4.27	(2.73)	1.54
For general working capital purposes[1]	4.50	(4.50)	–
Total	8.77	(7.23)	1.54

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
1) Salaries	1.97
2) Rental	0.99
3) Professional fees	0.78
4) Others	0.76
Total	**4.50**

CORPORATE GOVERNANCE, RISK MANAGEMENT AND SUSTAINABILITY REPORTS

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 intergrate our sustainability efforts into the core of our daily operations. We believe this will create lasting value for all our stakeholders.

Our Sustainability Report will be 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 2018.

Our Sustainability Report will be published in our Company's website at: www.foriseinternational.com, and 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 2018

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2018 and the balance sheet of the Company as at 31 December 2018.

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 42 to 100 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 2018 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 Wang Xin
Mr Peng Fei
Mr Peng Weile
Mr Christopher Chong Meng Tak
Mr San Meng Chee
Mr Azman Hisham Bin Ja'afar (appointed on 1 January 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 21.1.2019 ('000)	At 31.12.2018 ('000)	At 1.1.2018 ('000)	At 21.1.2019 ('000)	At 31.12.2018 ('000)	At 1.1.2018 ('000)
Company						
(No. of ordinary shares)						
Mr Wang Xin	**–**	–	–	**1,132,148**	1,132,148	1,132,148

Mr Wang Xin, who by virtue of his interest of not less than 20% of the issued capital of the Company, is deemed to have an interest in the whole of the share capital of the Company's wholly-owned subsidiary corporations.

The directors' interests in the ordinary shares of the Company as at 21 January 2019 were the same as those as at 31 December 2018.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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 three independent directors of the Company, namely, San Meng Chee (Chairman), Christopher Chong Meng Tak and Azman Hisham Bin Ja'afar. 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.

No participant was granted shares award for the financial year ended 31 December 2018.

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

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.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Audit committee

The Audit Committee comprises the following Directors:

Mr Christopher Chong Meng Tak (Chairman)
Mr San Meng Chee
Mr Azman Hisham Bin Ja'afar

All members of the Audit Committee were independent non-executive directors.

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 2018, 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 re-appointment of the independent auditor of the Company; and
- reviewed the interested person transactions (as defined in Chapter 9 of the SGX-ST Listing Manual).

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.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Independent auditor

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

On behalf of the directors

Peng Weile
Director

Christopher Chong Meng Tak
Director

29 March 2019

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 2018, 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 42 to 100.

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"), Singapore Financial Reporting Standards (International) ("SFRS(I)s") and International Financial Reporting Standards ("IFRS") 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 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *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 2018. 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 of corporate advisory business

Area of focus

For the financial year ended 31 December 2018, the Group's revenue generated from corporate advisory services amounted to RMB9.8 million. 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.

Revenue is recognised when the performance obligations 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. The accounting policy of the revenue recognition is disclosed on Note 2.4 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)

Revenue recognition of corporate advisory business (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 performance obligation 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. 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 and verified the revenue recognised, including sales cut-off procedures as at the financial year end and ensured that revenue is recognised in the correct financial year.

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.

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.

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)

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

29 March 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 RMB'000	2017 RMB'000
Continuing operations			
Revenue	4	**9,822**	19,389
Other income	5	**3,298**	392
Other gains, net	6	**1,149**	208
Expenses			
– Consultancy charges		**–**	(1,931)
– Depreciation	18	**(23)**	(48)
– Directors' fee	25(b)	**(993)**	(929)
– Employee compensation	7	**(4,319)**	(3,831)
– Professional fees		**(714)**	(2,709)
– Rental on operating leases		**(3,446)**	(3,016)
– Finance – bank charges		**(19)**	(12)
– Other operating expenses		**(1,278)**	(1,254)
Total expenses		**(10,792)**	(13,730)
Share of loss of a joint venture	17	**(78)**	(640)
Share of profit/(loss) of an associated company	16	**17**	(25)
Profit before income tax		**3,416**	5,594
Income tax expense	8	**(1,765)**	(3,121)
Net profit		**1,651**	2,473
Discontinued operations			
Loss from discontinued operations, net of tax	9(a)	**(246)**	(926)
Total profit, representing total comprehensive income		**1,405**	1,547
Profit attributable to:			
– Equity holders of the Company		**1,405**	1,547
Profit attributable to equity holders of the Company relates to:			
– Profit from continuing operations		**1,651**	2,473
– Loss from discontinued operations		**(246)**	(926)
		1,405	1,547
Total comprehensive income attributable to:			
– Equity holders of the Company		**1,405**	1,547
Earnings/(losses) per share from continuing and discontinued operations attributable to equity holders of the Company (RMB cents per share)	10		
– Basic earnings/(losses) per share			
– Continuing operations		**0.08**	0.11
– Discontinued operations		**(0.01)**	(0.04)
– Diluted earnings/(losses) per share			
– Continuing operations		**0.08**	0.11
– Discontinued operations		**(0.01)**	(0.04)

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

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2018

	Note	Group		
		31 December 2018 RMB'000	31 December 2017 RMB'000	1 January 2017 RMB'000
ASSETS				
Current assets				
Cash and cash equivalents	11	**22,191**	34,957	38,857
Trade and other receivables	12	**20,225**	8,595	20,797
Inventories	13	**–**	–	12
Other current assets	14	**629**	619	589
		43,045	44,171	60,255
Non-current assets				
Investment in an associated company	16	**1,992**	1,975	–
Investment in a joint venture	17	**3,204**	3,282	–
Property, plant and equipment	18	**18**	41	305
		5,214	5,298	305
Total assets		**48,259**	49,469	60,560
LIABILITIES				
Current liabilities				
Trade and other payables	19	**1,361**	2,984	16,284
Current income tax liabilities		**1,057**	2,049	1,387
Total liabilities		**2,418**	5,033	17,671
NET ASSETS		**45,841**	44,436	42,889
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	20	**145,320**	145,320	145,320
Accumulated losses		**(99,479)**	(100,884)	(102,431)
TOTAL EQUITY		**45,841**	44,436	42,889

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

BALANCE SHEET – COMPANY

AS AT 31 DECEMBER 2018

	Note	Company		
		31 December 2018 RMB'000	31 December 2017 RMB'000	1 January 2017 RMB'000
ASSETS				
Current assets				
Cash and cash equivalents	11	**19,527**	21,218	25,146
Trade and other receivables	12	**1,312**	4,953	9,061
Other current assets	14	**368**	344	582
		21,207	26,515	34,789
Non-current assets				
Investments in subsidiary corporations	15	**1,259**	1,259	923
Investment in a joint venture	17	**3,204**	3,282	–
Property, plant and equipment	18	**17**	38	51
		4,480	4,579	974
Total assets		**25,687**	31,094	35,763
LIABILITIES				
Current liabilities				
Trade and other payables	19	**1,426**	2,843	1,705
Total liabilities		**1,426**	2,843	1,705
NET ASSETS		**24,261**	28,251	34,058
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital		**145,320**	145,320	145,320
Accumulated losses	22	**(121,059)**	(117,069)	(111,262)
TOTAL EQUITY		**24,261**	28,251	34,058

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	← Attributable to equity holders of the Company →			
	Share capital RMB'000	Currency translation reserve RMB'000	Accumulated losses RMB'000	Total equity RMB'000
2018				
At 1 January 2018	**145,320**	**–**	**(100,884)**	**44,436**
Total comprehensive income for the financial year	**–**	**–**	**1,405**	**1,405**
At 31 December 2018	**145,320**	**–**	**(99,479)**	**45,841**
2017				
At 1 January 2017	145,320	9	(102,440)	42,889
Effect of transition to SFRS(I) (Note 21)	–	(9)	9	–
At 1 January 2017 (restated)	145,320	–	(102,431)	42,889
Total comprehensive income for the financial year	–	–	1,547	1,547
At 31 December 2017	145,320	–	(100,884)	44,436

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 RMB'000	2017 RMB'000
Cash flows from operating activities			
Total profit		**1,405**	1,547
Adjustments for:			
– Income tax expense	8	**1,765**	3,121
– Depreciation	18	**23**	86
– Property, plant and equipment written off		**–**	212
– Inventories written off		**–**	6
– Interest income		**(1,329)**	(166)
– Write-off of trade receivables		**–**	63
– Write-back of trade payables		**–**	(190)
– Unrealised currency translation losses		**(40)**	(24)
– Share of loss of a joint venture and associated company		**61**	665
		1,885	5,320
Change in working capital			
– Trade and other receivables		**6,388**	14,252
– Other current assets		**(10)**	(30)
– Trade and other payables		**(1,623)**	(13,110)
Cash generated from operations		**6,640**	6,432
Interest received		**308**	152
Income tax paid		**(2,714)**	(2,428)
Net cash provided by operating activities		**4,234**	4,156
Cash flows from investing activities			
Additions to property, plant and equipment	18	**–**	(34)
Investment in an associated company	16	**–**	(2,000)
Investment in a joint venture	17	**–**	(3,922)
Loan to associated company		**(17,700)**	(2,100)
Repayment of loan from associated company		**700**	–
Net cash used in investing activities		**(17,000)**	(8,056)
Net decrease in cash and cash equivalents		**(12,766)**	(3,900)
Cash and cash equivalents			
Beginning of financial year		**34,957**	38,857
End of financial year	11	**22,191**	34,957

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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 2018 were authorised for issue in accordance with a resolution of the directors on 29 March 2019.

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 No. 8 Jian Guo Men Wai Avenue, IFC Building Block A, 20th Floor, Chao Yang 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 15.

The Company's immediate holding corporation is Forise Capital Group Limited and ultimate holding corporation is Forise Global Holdings Limited, incorporated in the British Virgin Islands.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements are prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)") and International Financial Reporting Standards ("IFRS") 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.

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.

2.2 Adoption of SFRS(I)

As required by the listing requirements of Singapore Exchange, the Group has adopted SFRS(I) on 1 January 2018. These financial statements for the financial year ended 31 December 2018 are the first set of financial statements the Group prepared in accordance with SFRS(I). The Group's previously issued financial statements for periods up to and including the financial year ended 31 December 2017 were prepared in accordance with Singapore Financial Reporting Standards ("SFRS").

In adopting SFRS(I) on 1 January 2018, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 First-time Adoption of SFRS(I).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Adoption of SFRS(I) (continued)

Under SFRS(I) 1, these financial statements are required to be prepared using accounting policies that comply with SFRS(I) effective as at 31 December 2018. The same accounting policies are applied throughout all periods presented in these financial statements, subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

The Group's opening balance sheet has been prepared as at 1 January 2017, which is the Group's date of transition to SFRS(I) ("date of transition").

There are no material adjustments to the Group's consolidated balance sheet, statement of comprehensive income and statement of cash flows arising from the transition from SFRS to SFRS(I).

(a) Optional exemptions applied

SFRS(I) 1 allows the exemption from application of certain requirements under SFRS(I) on a retrospective basis. The Group has applied the following exemption in preparing this first set of financial statements in accordance with SFRS(I):

(i) Cumulative translation differences

The Group has elected to deem the cumulative translation differences for all foreign operations to be zero as at the date of transition to SFRS(I) on 1 January 2017. As a result, other reserves and retained profits as at 1 January 2017 was reduced/increased by RMB9,000 respectively.

(ii) Short-term exemption on adoption of SFRS(I) 9 Financial Instruments ("SFRS(I) 9")

The Group has elected to apply the short-term exemption to adopt SFRS(I) 9 on 1 January 2018. Accordingly, the requirements of SFRS 39 Financial Instruments: Recognition and Measurement are applied to financial instruments up to the financial year ended 31 December 2017.

The Group has assessed the business models that are applicable on 1 January 2018 to financial assets so as to classify them into the appropriate categories under SFRS(I) 9. As a result of the assessment, there are no adjustments to the Group's balance sheet line items.

The following financial assets were subjected to the expected credit loss impairment model under SFRS(I) 9:

- Trade receivables; and
- Loans to related parties and other receivables at amortised cost.

There was **no impact** arising from the application of the above exemption.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Adoption of SFRS(I) (continued)

(a) Optional exemptions applied (continued)

(iii) Practical expedients on adoption of SFRS(I) 15 Revenue from Contracts with Customers

The Group has elected to apply the transitional provisions under paragraph C5 of SFRS(I) 15 at 1 January 2018 and have used the following practical expedients provided under SFRS(I) 15 as follows:

- for completed contracts with variable consideration, the Group has used the transaction price at the date the contract was completed, rather than estimating the variable consideration amounts in the comparative reporting period;
- for contracts which were modified before the date of transition, the Group did not retrospectively restate the contract for those contract modifications; and
- for the financial year ended 31 December 2017, the Group did not disclose the amount of transaction price allocated to the remaining performance obligations and explanation of when the Group expects to recognise that amount as revenue.

There was **no impact** arising from the application of the above exemption.

(b) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2018:

- SFRS(I) 9 Financial Instruments
- SFRS(I) 15 Revenue from Contracts with Customers

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

SFRS(I) 9 Financial Instruments

The Group has adopted SFRS(I) 9 with effective for the financial year beginning on or after 1 January 2018. SFRS(I) 9 replaces the provision of FRS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The Group's accounting policy for financial instruments is disclosed in Note 2.10 to the financial statements.

There was **no impact** of transition to SFRS(I) 9 on the Group's consolidated balance sheet and the Company's balance sheet as at 1 January 2018.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Adoption of SFRS(I) (continued)

(b) New standards and amendments adopted by the Group (continued)

SFRS(I) 15 Revenue from Contracts with Customers ("SFRS(I) 15")

The Group has adopted SFRS(I) 15 effective for the financial year beginning on or after 1 January 2018. SFRS(I) 15 has replaced FRS 18 Revenue and related interpretations. Revenue is recognised when a customer obtains control of goods or services, i.e. when it has ability to direct the use of and obtain the benefits from the goods or services. The standard also provides guidance on the treatment of any costs to obtain and/or fulfil a contract that may be recognised as assets. The Group's accounting policy for revenue recognition is disclosed in Note 2.4 to the financial statements.

There was **no impact** of transition to SFRS(I) 15 on the Group's consolidated balance sheet and the Company's balance sheet as at 1 January 2017.

2.3 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Group accounting (continued)

(a) Subsidiary corporations (continued)

(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 acquire over the (b) fair value of the identifiable net assets acquired is recorded as goodwill.

(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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Group accounting (continued)

(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.

(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 excess 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Group accounting (continued)

(c) Associated companies and joint ventures (continued)

(ii) Equity method of accounting (continued)

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.

2.4 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) Sale of trading goods – Garments

Revenue from sales of trading goods is recognised at a point in time when the Group has delivered the products to its customers and the customers have accepted the products in accordance with the sales contract.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Revenue recognition (continued)

(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.

2.5 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:

	Useful lives
Leasehold buildings and workshops	20 years
Furniture and fitting and office equipment	3-5 years

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”.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 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 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.

2.7 Impairment of non-financial assets

Property, plant and equipment
Investments in subsidiary corporations, associated company and joint venture

Property, plant and equipment, 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.

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 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.

2.8 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses. The amount of any write-down of inventories to net realisable value and all losses of inventories shall be recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, shall be recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 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.

2.10 Financial assets

The accounting for financial assets before 1 January 2018 are as follows:

(a) Classification

The Group classifies its financial assets as loans and receivables. The classification depends on the nature of the assets and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "Trade and other receivables" (Note 12) and "Cash and cash equivalents" (Note 11) on the balance sheet.

(b) 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 financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

(c) Initial Measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

(d) Subsequent Measurement

Loans and receivables are initially recognised at fair value plus transaction costs and are subsequently carried at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets (continued)

The accounting for financial assets before 1 January 2018 are as follows: (continued)

(e) Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

The accounting for financial assets from 1 January 2018 is as follows:

(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.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets (continued)

The accounting for financial assets from 1 January 2018 is as follows: (continued)

(a) Classification and measurement (continued)

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 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets (continued)

The accounting for financial assets from 1 January 2018 is as follows: (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 24(b)(ii) 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.

2.11 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Employee compensation (continued)

(a) Defined contribution plans (continued)

People's Republic of China ("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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Leases

When the Group is the lessee:

The Group leases office premises 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.

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.

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.

2.13 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Income taxes (continued)

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

Deferred income tax is measured:

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

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

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.

2.14 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.

2.15 Currency translation

(a) Functional and presentation currency

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

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Currency translation (continued)

(b) Transactions and balances (continued)

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.

(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.

2.16 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.

2.17 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.

2.18 Dividends to Company's shareholders

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 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.

2.20 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.

2.21 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

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

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 2018

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 geographical regions. Revenue is attributed to countries by location of customers.

	Group	
	At a point in time	
	2018 RMB'000	2017 RMB'000
Corporate advisory services		
– People's Republic of China	**9,822**	19,389

5 OTHER INCOME

	Group	
	2018 RMB'000	2017 RMB'000
Interest income		
– Financial assets measured at amortised cost		
– Bank deposits	**336**	152
– Loans to an associated company	**993**	14
Rental income	**664**	–
Government grants		
– Paid childcare leave	**12**	19
– Incentive from Tianjin Local Tax Authority	**1,099**	207
Refund of Rights Issue additional listing fee	**194**	–
	3,298	392

6 OTHER GAINS, NET

	Group	
	2018 RMB'000	2017 RMB'000
Currency exchange gains, net	**1,149**	208

7 EMPLOYEE COMPENSATION

	Group	
	2018 RMB'000	2017 RMB'000
Salaries and bonuses	**3,714**	3,136
Employer's contribution to defined contribution plans, including Central Provident Fund ("CPF")	**589**	682
Other short-term benefits	**16**	13
Amounts attributable to continuing operations	**4,319**	3,831

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

8 INCOME TAX EXPENSE

	Group	
	2018 RMB'000	**2017 RMB'000**
Tax expense attributable to profit is made up of:		
– Profit for the financial year:		
From continuing operations		
Current income tax – PRC	**1,765**	3,121
Tax expense is attributable to:		
– Continuing operations	**1,765**	3,121

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

	Group	
	2018 RMB'000	**2017 RMB'000**
Profit/(loss) before income tax:		
– Continuing operations	**3,416**	5,594
– Discontinued operations [Note 9(a)]	**(246)**	(926)
	3,170	4,668
Share of loss of associated company and joint venture, net of tax	**61**	665
Profit before tax and share of loss of associated company and joint venture	**3,231**	5,333
Tax calculated at tax rate of 25% (2017: 25%)	**808**	1,333
Effects of:		
– Different tax rates in other countries	**309**	440
– Expenses not deductible for tax purposes	**1,586**	1,337
– Income not subject to tax	**(938)**	(304)
– Deferred income tax assets not recognised	**–**	205
– Other	**–**	110
Tax charge	**1,765**	3,121

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

8 INCOME TAX EXPENSE (CONTINUED)

The Group has unrecognised tax losses of approximately RMB2,099,000 (2017: RMB3,699,000) 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 RMB1,600,000 brought forward from 31 December 2016 had expired during the financial year.

The tax losses have no expiry date except for RMB423,000 and RMB1,676,000 which will expire in 2020 and 2021 respectively and are not recognised as it is not probable that future taxable profits will be available against which those companies can utilise the benefits.

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 discontinued operations during the financial years ended 31 December 2018 and 2017 represented discontinued operations of garment trading.

(a) The results of the discontinued operations are as follows:

	Group	
	2018 RMB'000	**2017 RMB'000**
Revenue	**–**	2,718
Currency exchange losses	**(246)**	(595)
Expenses		
– Purchase of trading goods	**–**	(2,664)
– Depreciation	**–**	(38)
– Professional fees	**(5)**	(247)
– Finance	**(2)**	(5)
– Other operating expenses	**7**	(95)
Loss before income tax, representing loss for the financial year from discontinued operations	**(246)**	(926)

(b) The impact of the discontinued operations on the cash flows of the Group is as follows:

	Group	
	2018 RMB'000	**2017 RMB'000**
Operating cash outflows, representing total cash outflows	**–**	(4,069)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

10 EARNINGS/(LOSSES) PER SHARE

Basic earnings/(losses) per share are calculated by dividing the net profit/(loss) 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 earnings/(losses) per share, earning/(loss) 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**
2018			
Net profit/(loss) attributable to equity holders of the Company (RMB'000)	**1,651**	**(246)**	**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**
2017			
Net profit/(loss) attributable to equity holders of the Company (RMB'000)	2,473	(926)	1,547
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)	0.11	(0.04)	0.07
Diluted earnings/(loss) per share (RMB cents)	0.11	(0.04)	0.07

11 CASH AND CASH EQUIVALENTS

	Group			Company		
	31 December		1 January	31 December		1 January
	2018 RMB'000	**2017 RMB'000**	**2017 RMB'000**	**2018 RMB'000**	**2017 RMB'000**	**2017 RMB'000**
Cash at bank and on hand	**3,115**	14,203	5,983	**451**	464	447
Cash held-in-trust	**–**	–	3,369	**–**	–	–
Short-term bank deposits	**19,076**	20,754	29,505	**19,076**	20,754	24,699
	22,191	34,957	38,857	**19,527**	21,218	25,146

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

12 TRADE AND OTHER RECEIVABLES

	Group			Company		
	31 December		1 January	31 December		1 January
	2018 RMB'000	2017 RMB'000	2017 RMB'000	**2018 RMB'000**	2017 RMB'000	2017 RMB'000
Trade receivables						
– Non-related parties	**–**	6,488	24,526[(a)]	**–**	–	–
Less: Allowance for impairment of trade receivables – Non-related parties [Note 24(b)(iii)]	**–**	–	(3,761)	**–**	–	–
Trade receivables – net	**–**	6,488	20,765	**–**	–	–
Non-trade receivables						
– Non-related parties	**1,125**	7	825	**43**	1	–
Less: Allowance for impairment of non-trade receivables – Non-related parties [Note 24(b)(iii)]	**–**	–	(793)	**–**	–	–
	1,125	7	32	**43**	1	–
– Subsidiary corporations	**–**	–	–	**1,269**	4,952	9,061
Loans to an associated company	**19,100**	2,100	–	**–**	–	–
	20,225	8,595	20,797	**1,312**	4,953	9,061

(a) This relates to trade receivables arising from the garment trading business which its operations had ceased in August 2017 (Note 9).

The non-trade receivables from subsidiary corporations 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 will be repayable in full by 30 November 2019. As at 31 December 2017, loans to associated company amounted to RMB2,100,000, out of which, an amount of RMB700,000 had been repaid and the remaining RMB1,400,000 had its repayment date extended to 30 November 2019 during the financial year ended 31 December 2018.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

13 INVENTORIES

	Group		
	31 December		1 January
	2018 RMB'000	2017 RMB'000	2017 RMB'000
Finished goods	–	–	12

The Group recognised a write-down in inventories of approximately RMB Nil (2017: RMB6,000) in the statement of comprehensive income. The write-down was recognised for the inventories from the garment trading business which ceased operation in August 2017 (Note 9).

14 OTHER CURRENT ASSETS

	Group			Company		
	31 December		1 January	31 December		1 January
	2018 RMB'000	2017 RMB'000	2017 RMB'000	2018 RMB'000	2017 RMB'000	2017 RMB'000
Refundable deposits	**333**	342	417	**333**	319	410
Prepayments	**296**	277	172	**35**	25	172
	629	619	589	**368**	344	582

15 INVESTMENTS IN SUBSIDIARY CORPORATIONS

	Company		
	31 December		1 January
	2018 RMB'000	2017 RMB'000	2017 RMB'000
Equity investments at cost:			
Beginning of financial year	**3,316**	2,980	2,980
Additions[(a)]	**–**	336	–
End of financial year	**3,316**	3,316	2,980
Allowance for impairment			
Beginning and end of financial year	**2,057**	2,057	2,057
Carrying amount			
End of financial year	**1,259**	1,259	923

(a) On 2 August 2017, the Company incorporated a wholly-owned subsidiary corporation, Forise Capital Management Company Limited, in British Virgin Islands with paid-up capital of United State Dollar ("USD") 50,000 (approximately RMB336,000).

On 19 September 2017, Forise Capital Management Company Limited incorporated a wholly-owned subsidiary corporation, Forise Global Strategy Investment SPC, in Cayman Islands with paid-up of 100 management shares of USD1 (approximately RMB7).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

15 INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

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. 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. The financial results of the garment trading group have been presented under discontinued operations for the financial year ended 31 December 2018 (Note 9).

The Group had the following subsidiary corporations as at 31 December 2018 and 2017 and 1 January 2017:

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		
			31 December		1 January	31 December		1 January
			2018 %	2017 %	2017 %	2018 %	2017 %	2017 %
Held by the Company								
Forise Management Limited[b]	Investment holding	Hong Kong	**100**	100	100	**–**	–	–
Forise Capital Management Company Limited[c][e]	Provision of investment and other financial advisory services	British Virgin Islands	**100**	100	–	**–**	–	–
Great Holding Limited[b][d]	Sale and distribution of garments and apparel production	Hong Kong	**100**	100	100	**–**	–	–
Held by Forise Management Limited								
Tianjin Forise Corporation Management Consultancy Limited[a]	Provision of corporate advisory and management consulting services	The People's Republic of China	**100**	100	100	**–**	–	–
Held by Forise Capital Management Limited								
Forise Global Strategy Investment SPC[c][e]	Segregated portfolio company	Cayman Islands	**100**	100	–	**–**	–	–
Held by Great Holding Limited								
Great Fashion Trading (Shanghai) Limited[c][d]	Trading of clothes, import and export activities	The People's Republic of China	**100**	100	100	**–**	–	–
Great Brand Management Limited[c][d]	Brand management and operation	The British Virgin Islands	**100**	100	100	**–**	–	–
Held by Tianjin Forise Corporation Management Consultancy Limited								
Tianjin Forise Corporation Management Consultancy Limited, Beijing Branch[a]	Provision of corporate advisory and management consulting services	The People's Republic of China	**100**	100	–	**–**	–	–
天津复有新茂企业管理咨询有限公司[c][e]	Provision of corporate advisory and management consulting services	The People's Republic of China	**100**	100	–	**–**	–	–

(a) Audited by Shanghai Nexia TS Certified Public Accountants.

(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) The trading group is in the process of disposal. 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. The financial results of garment trading group have been presented under discontinued operations for the financial year ended 31 December 2018 (Note 9).

(e) Newly incorporated during the financial year ended 31 December 2017. Not required to be audited under laws of the country of incorporation.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

15 INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

Significant restrictions

Cash and short-term deposits of RMB 2,602,000 (2017: RMB13,668,000) 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.

16 INVESTMENT IN AN ASSOCIATED COMPANY

	Group		
	31 December		1 January
	2018 RMB'000	2017 RMB'000	2017 RMB'000
Interests in an associated company			
Beginning of financial year	**1,975**	–	–
Addition	**–**	2,000	–
Share of profit/(loss) of an associated company	**17**	(25)	–
End of financial year	**1,992**	1,975	–

Set out below are the associated company of the Group as at 31 December 2018 and 2017 and 1 January 2017. 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.

		Place of business country of	% of ownership interest		
			31 December		1 January
Name of entity	Principal activities	incorporation	2018	2017	2017*
Held by Tianjin Forise Corporation Management Consultancy Limited					
Le Rong Financial Factoring Company Limited	Provision of commercial factoring services	The People's Republic of China	**40**	40	–

* The Group's investment in associated company occurred during the financial year ended 31 December 2017. As at 1 January 2017, the Group had nil% of ownership interest in investment in associated company and accordingly, the comparatives of the summarised financial information as at that date have not been presented.

On 1 June 2017, Tianjin Forise Corporation Management Consultancy Limited, a wholly-owned subsidiary corporation, entered into an equity transfer agreement with Ms. Li Ying, the sole shareholder and legal representative of Le Rong Financial Factoring Company Limited ("Le Rong") to acquire 40% of the equity interest in Le Rong.

On 1 August 2017, Tianjin Forise Corporation Management Consultancy Limited has paid RMB2,000,000 which represents 40% of the paid-up share capital of Le Rong.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

16 INVESTMENT IN AN ASSOCIATED COMPANY (CONTINUED)

Summarised financial information of associated company

Summarised statement of comprehensive income

	31 December	
	2018 RMB'000	2017 RMB'000
Revenue	**1,778**	146
Expenses		
Includes:		
– Consultancy charges	**(525)**	(121)
– Professional	**(154)**	(75)
– Marketing expenses	**(2)**	–
– Finance	**(1,054)**	(13)
Profit/(loss) before income tax, representing total comprehensive profit/(loss)	**43**	(63)

Summarised balance sheet

	31 December	
	2018 RMB'000	2017 RMB'000
Current assets		
Includes:		
– Cash and cash equivalents	**61**	33
– Trade and other receivables	**22,836**	4,030
Current liabilities		
Includes:		
– Other payables	**(1,817)**	(26)
– Borrowings	**(19,100)**	(2,100)
Net assets	**1,980**	1,937

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

16 INVESTMENT IN AN ASSOCIATED COMPANY (CONTINUED)

Summarised financial information of associated company (continued)

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	
	2018 RMB'000	**2017 RMB'000**
Net assets	**1,980**	1,937
Group's equity interest	**40%**	40%
Group's share of net assets	**792**	775
Goodwill	**1,200**	1,200
Carrying value of Group interest in associated company	**1,992**	1,975

17 INVESTMENT IN A JOINT VENTURE

	Group and Company		
	31 December		1 January
	2018 RMB'000	**2017 RMB'000**	**2017 RMB'000**
Interests in a joint venture			
Beginning of financial year	**3,282**	–	–
Addition[(a)]	**–**	3,922	–
Share of loss of a joint venture	**(78)**	(640)	–
End of financial year	**3,204**	3,282	–

(a) On 21 July 2017, the Company entered into a joint venture agreement ("JVA") with Mr. Ng Wee Cheng and Ms Toh Shih Hua (collectively known as Vendors") and TNT Global Capital Pte Ltd ("JV Co"). Under the JVA, it is envisaged that (i) the Company subscribes 20% of the enlarged share capital in the JV Co for an aggregate considerations of S$400,000 ("proposed subscription"); and (ii) concurrently with the Proposed Subscription, acquire 20% of the enlarged share capital in the JV Co held by the Vendors for an aggregate consideration of S$400,000 ("Proposed Acquisition"), such that the shareholders of the JV Co will comprise of (i) the vendors holding 60% of the enlarged share capital in JV Co and (ii) the Company holding 40% of the enlarged share capital in the JV Co. The proposed subscription and proposed acquisition were completed on 18 August 2017.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

17 INVESTMENT IN A JOINT VENTURE (CONTINUED)

Details of the joint venture as at 31 December 2018 and 2017 and 1 January 2017 are as follows:

Name of entity	Principal activities	Place of business country of incorporation	% of ownership interest 31 December 2018	31 December 2017	1 January 2017*
TNT Global Capital Pte Ltd	Provision of fund management services	Singapore	**40**	40	–

* The Group's investment in joint venture occurred during the financial year ended 31 December 2017. As at 1 January 2017, the Group had nil% of ownership interest in investment in joint venture and accordingly, the comparatives of the summarised financial information as at that date have not been presented.

Summarised financial information for joint ventures

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 2018 RMB'000	2017 RMB'000
Expenses		
– Office rental	**–**	(44)
– Salaries and bonus	**(161)**	(1,350)
– Travelling	**(5)**	(8)
– Professional fees	**(5)**	(26)
– Directors' fees	**(15)**	(162)
– Other	**(10)**	(10)
Loss before income tax, representing total comprehensive loss	**(196)**	(1,600)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

17 INVESTMENT IN JOINT VENTURE (CONTINUED)

Summarised financial information for joint ventures (continued)

Summarised balance sheet

	31 December	
	2018 RMB'000	**2017 RMB'000**
Current assets		
Includes:		
– Cash and cash equivalents	**1,413**	1,924
– Prepayment	**–**	7
Current liabilities		
Includes		
– Other payables	**(1)**	(23)
Net assets	**1,412**	1,908

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.

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	
	2018 RMB'000	**2017 RMB'000**
Net assets	**1,412**	1,908
Group's equity interest	**40%**	40%
Group's share of net assets	**565**	763
Goodwill	**2,639**	2,519
Carrying value	**3,204**	3,282

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

18 PROPERTY, PLANT AND EQUIPMENT

	Leasehold buildings and workshops RMB'000	Furniture and fitting and office equipment RMB'000	Total RMB'000
Group			
2018			
Cost			
Beginning and end of financial year	**–**	**720**	**720**
Accumulated depreciation			
Beginning of financial year	**–**	**679**	**679**
Depreciation charge:			
– continuing operations	**–**	**23**	**23**
End of financial year	**–**	**702**	**702**
Net book value			
End of financial year	**–**	**18**	**18**
2017			
Cost			
Beginning of financial year	603	893	1,496
Addition	–	34	34
Write-off	(603)	(207)	(810)
End of financial year	–	720	720
Accumulated depreciation			
Beginning of financial year	426	765	1,191
Depreciation charge:			
– continuing operations	–	48	48
– discontinued operations	–	38	38
Write-off	(426)	(172)	(598)
End of financial year	–	679	679
Net book value			
End of financial year	–	41	41

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

18 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Furniture and fitting and office equipment RMB'000
Company	
2018	
Cost	
Beginning and end of financial year	**156**
Accumulated depreciation	
Beginning of financial year	**118**
Depreciation charge	**21**
End of financial year	**139**
Net book value	
End of financial year	**17**
2017	
Cost	
Beginning of financial year	122
Addition	34
End of financial year	156
Accumulated depreciation	
Beginning of financial year	71
Depreciation charge	47
End of financial year	118
Net book value	
End of financial year	38

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

19 TRADE AND OTHER PAYABLES

	Group			Company		
	31 December		1 January	31 December		1 January
	2018 RMB'000	2017 RMB'000	2017 RMB'000	2018 RMB'000	2017 RMB'000	2017 RMB'000
Trade payables – Non-related parties	–	360	14,423[a]	–	–	–
Accrued operating expenses						
– Salaries and wages	251	182	89	208	182	89
– Professional fees	291	312	792	287	292	792
– Directors' fees	466	462	456	466	462	456
– Others	289	296	63	129	202	–
	1,297	1,252	1,400	1,090	1,138	1,337
Value-added tax payables	60	341	–	–	–	–
Non-trade payables						
– Non-related parties	4	1,031	8	–	–	–
– Related party	–	–	453	–	–	368
– Subsidiary corporations	–	–	–	336	1,705	–
	4	1,031	461	336	1,705	368
	1,361	2,984	16,284	1,426	2,843	1,705

(a) This relates to trade payables arising from the garment trading business which its operations had ceased in August 2017 (Note 9).

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

20 SHARE CAPITAL

	No. of ordinary shares	Amount RMB'000
Group and Company		
31 December 2018 and 2017 and 1 January 2017		
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 2018

21 CURRENCY TRANSLATION RESERVE

	Group		
	31 December		1 January
	2018 RMB'000	2017 RMB'000	2017 RMB'000
Beginning of financial year	**–**	–	9
Effect of transition to SFRS(I) [Note 2.2(a)(i)]	**–**	–	(9)
End of financial year	**–**	–	–

22 ACCUMULATED LOSSES

Movement in accumulated losses of the Company is as follows:

	Company		
	31 December		1 January
	2018 RMB'000	2017 RMB'000	2017 RMB'000
Beginning of financial year	**(117,069)**	(111,262)	(243,702)
Net loss – continuing operations	**(3,990)**	(5,807)	132,440
End of financial year	**(121,059)**	(117,069)	(111,262)

23 COMMITMENTS

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

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

The future minimum lease payables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	Group and Company		
	31 December		1 January
	2018 RMB'000	2017 RMB'000	2017 RMB'000
Not later than one year	**2,050**	3,230	1,170
More than one year	**1,901**	3,313	–
End of financial year	**3,951**	6,543	1,170

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

The Company leases out office spaces to non-related parties 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

23 COMMITMENTS (CONTINUED)

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

The future minimum lease receivables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as receivables, are as follows:

	Group and Company		
	31 December		1 January
	2018 RMB'000	2017 RMB'000	2017 RMB'000
Not later than one year	281	–	–
More than one year	–	–	–
End of financial year	281	–	–

24 FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to market risk (including currency risk, interest rate risk and price 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 2018

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (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:

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (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)

	RMB RMB'000	USD RMB'000	SGD RMB'000	HKD RMB'000	Total RMB'000
Group					
At 31 December 2017					
Financial assets					
Cash and cash equivalents	13,670	8,298	12,981	8	34,957
Trade and other receivables	8,595	–	–	–	8,595
Receivables from subsidiary corporations	7,193	10,337	633	–	18,163
Other financial assets	22	–	320	–	342
	29,480	18,635	13,934	8	62,057
Financial liabilities					
Trade and other payables	(1,770)	(57)	(1,137)	(20)	(2,984)
Payables to subsidiary corporations	(7,193)	(10,337)	(633)	–	(18,163)
	(8,963)	(10,394)	(1,770)	(20)	(21,147)
Net financial assets/ (liabilities)	20,517	8,241	12,164	(12)	40,910
Add: Net non-financial assets/(liabilities)	1,274	–	3,345	(1,093)	3,526
Net assets/(liabilities)	21,791	8,241	15,509	(1,105)	44,436
Currency profile including non-financial assets/ (liabilities)	21,791	8,241	15,509	(1,105)	44,436
Currency exposure of financial assets/ (liabilities), net of those denominated in the respective entities' functional currencies	–	8,241	12,164	(12)	20,393

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (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)

	RMB RMB'000	USD RMB'000	SGD RMB'000	HKD RMB'000	Total RMB'000
Group					
At 1 January 2017					
Financial assets					
Cash and cash equivalents	2,814	3,425	31,998	620	38,857
Trade and other receivables	1,356	19,403	–	38	20,797
Receivables from subsidiary corporations	10,745	–	–	–	10,745
Other financial assets	–	–	410	7	417
	14,915	22,828	32,408	665	70,816
Financial liabilities					
Trade and other payables	(280)	(14,233)	(1,705)	(66)	(16,284)
Payables to subsidiary corporations	(10,745)	–	–	–	(10,745)
	(11,025)	(14,233)	(1,705)	(66)	(27,029)
Net financial assets/ (liabilities)	3,890	8,595	30,703	599	43,787
Add: Net non-financial (liabilities)/assets	(223)	–	222	(897)	(898)
Net assets/(liabilities)	3,667	8,595	30,925	(298)	42,889
Currency profile including non-financial assets/ (liabilities)	3,667	8,595	30,925	(298)	42,889
Currency exposure of financial assets, net of those denominated in the respective entities' functional currencies	–	8,595	30,703	599	39,897

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (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)

	RMB RMB'000	USD RMB'000	SGD RMB'000	HKD RMB'000	Total RMB'000
Company					
At 31 December 2018					
Financial assets					
Cash and cash equivalents	–	8,943	10,584	–	19,527
Trade and other receivables	–	–	43	–	43
Receivables from subsidiary corporations	–	106	1,163	–	1,269
Other current assets	–	–	333	–	333
	–	9,049	12,123	–	21,172
Financial liabilities					
Trade and other payables	–	–	(1,090)	–	(1,090)
Payables from subsidiary corporations	–	(336)	–	–	(336)
	–	(336)	(1,090)	–	(1,426)
Net financial assets	–	8,713	11,033	–	19,746
Add: Net non-financial assets	–	336	3,254	923	4,513
Net assets	–	9,049	14,287	923	24,259
Currency profile including non-financial assets	–	9,049	14,287	923	24,259
Currency exposure of financial assets, net of those denominated in the Company's functional currency	–	8,713	11,033	–	19,746

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (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)

	RMB RMB'000	USD RMB'000	SGD RMB'000	HKD RMB'000	Total RMB'000
Company					
At 31 December 2017					
Financial assets					
Cash and cash equivalents	–	8,292	12,926	–	21,218
Trade and other receivables	–	–	1	–	1
Receivables from subsidiary corporations	4,319	–	633	–	4,952
Other current assets	–	–	319	–	319
	4,319	8,292	13,879	–	26,490
Financial liabilities					
Trade and other payables	–	–	(1,138)	–	(1,138)
Payables from subsidiary corporations	–	(1,705)	–	–	(1,705)
	–	(1,705)	(1,138)	–	(2,843)
Net financial assets	4,319	6,587	12,741	–	23,647
Add: Net non-financial assets	–	336	3,345	923	4,604
Net assets	4,319	6,923	16,086	923	28,251
Currency profile including non-financial assets	4,319	6,923	16,086	923	28,251
Currency exposure of financial assets, net of those denominated in the Company's functional currency	–	6,587	12,741	–	19,328

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (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)

	RMB RMB'000	USD RMB'000	SGD RMB'000	HKD RMB'000	Total RMB'000
Company					
At 1 January 2017					
Financial assets					
Cash and cash equivalents	–	–	25,146	–	25,146
Other receivables	–	–	9,061	–	9,061
Other current assets	–	–	410	–	410
	–	–	34,617	–	34,617
Financial liabilities					
Trade and other payables	–	–	(1,705)	–	(1,705)
Net financial assets	–	–	32,912	–	32,912
Add: Net non-financial assets	–	–	223	923	1,146
Net assets	–	–	33,135	923	34,058
Currency profile including non-financial assets	–	–	33,135	923	34,058
Currency exposure of financial assets, net of those denominated in the Company's functional currency	–	–	32,912	–	32,912

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

If the USD, SGD and HKD change against the RMB by 8% (31 December 2017: 6%; 1 January 2017: 7%), 5% (31 December 2017: 1%, 1 January 2017: 4%) and 8% (31 December 2017: 7%; 1 January 2017: 7%) 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:

	31 December		1 January
	2018 RMB'000	**2017 RMB'000**	**2017 RMB'000**
Group			
USD against RMB			
– Weakened	**(537)**	(371)	(451)
– Strengthened	**537**	371	451
SGD against RMB			
– Weakened	**(372)**	(91)	(921)
– Strengthened	**372**	91	921
HKD against RMB			
– Weakened	**–***	–*	(31)
– Strengthened	**–***	–*	31

	31 December		1 January
	2018 RMB'000	**2017 RMB'000**	**2017 RMB'000**
Company			
USD against RMB			
– Weakened	**(523)**	(296)	–
Strengthened	**523**	296	–
SGD against RMB			
– Weakened	**(414)**	(96)	(987)
– Strengthened	**414**	96	987

* *less than RMB1,000*

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(a) Market risk (continued)

(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.

The Group has no exposure to interest rate risk as there was no borrowing.

(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 nil debtors (31 December 2017: 3 debtors, 1 January 2017: 2 debtors) that individually represented > 10% of trade receivables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(b) Credit risk (continued)

(ii) Credit rating

The Group and the Company uses the following categories of internal credit risk rating for financial assets which are subject to expected credit losses under the 3-stage general approach. These four categories reflect the respective credit risk and how the loss provision is determined for each of those categories.

Category of internal credit rating	Definition of category	Basis for recognition of expected credit losses
Performing	Borrower or issuer have a low risk of default and a strong capacity to meet contractual cash flows	12-month expected credit losses
Under performing	Borrower or issuer for which there is a significant increase in credit risk; as significant in credit risk is presumed if interest and/or principal repayment are 90 days past due	Lifetime expected credit losses
Non-performing	Interest and/or principal payments are 120 days past due	Lifetime expected credit losses
Write-off	Interest and/or principal repayments are 120 days past due and there is no reasonable expectation of recovery	Assets are written-off

(iii) Impairment of financial assets

The Group and the Company has applied the simplified approach by using the provision matrix to measure the lifetime expected credit losses for all trade receivables and the general approach for all loans to associated company and amount due from subsidiary corporations.

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 and the Company consider historical loss rates for each category of customers.

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 2018, there are no credit risk exposures in relation to the Group's trade receivables from customers, loans to associated company and the Company's amount due from subsidiary corporations. Management has assessed the application of the expected credit loss model and no loss allowances are recognised for these financial assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(b) Credit risk (continued)

(iii) Impairment of financial assets (continued)

Previous accounting policy for impairment of trade and other receivables

In 2017, the impairment of financial assets was assessed based on the incurred loss impairment model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively, to determine whether there was objective evidence that impairment had been incurred but not yet identified.

The Group considered that there was evidence if any of the following indicators were present:

- Significant financial difficulties of the debtor;
- Probability that the debtor will enter bankruptcy or financial reorganisation; and
- Default or delinquency in payments (more than 120 days overdue).

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposure.

The Group's credit risk exposure in relation to trade receivables under SFRS 39 Financial Instruments: Recognition and Measurement as at 31 December 2017 and 1 January 2017 are set out as follows:

	Group	
	31 December 2017 RMB'000	**1 January 2017 RMB'000**
Past due less than 3 months	–	4,188
Past due 3 to 6 months	–	948
Past due over 6 months	–	456
	–	5,592

Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record and good supply record with the Group. The Group has no trade receivables past due or impaired that were re-negotiated during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(b) Credit risk (continued)

(iii) Impairment of financial assets (continued)

Previous accounting policy for impairment of trade and other receivables (continued)

Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables and other receivables.

Trade receivable – Non-related parties

The carrying amount of trade receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	Group	
	31 December 2017 RMB'000	1 January 2017 RMB'000
Past due less than 3 months	–	19,361
Past due 3 to 6 months	–	948
Past due over 6 months	–	4,217
	–	24,526
Less: Allowance for impairment	–	(3,761)
	–	20,765
Beginning of financial year	3,761	160,973
Allowance made	63	–
Allowance written-back	–	(300)
Allowance written off	(3,824)	–
Disposal of subsidiary corporations	–	(156,912)
End of financial year (Note 12)	–	3,761

The impaired trade receivables arise mainly from sales to customers and distributors of which the balances have been long overdue and where customers have defaulted on the payments and thus the likelihood of recoverability is low.

The write-back of the impaired trade receivables arose mainly from receipts received from customers during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(b) Credit risk (continued)

(iii) Impairment of financial assets (continued)

Previous accounting policy for impairment of trade and other receivables (continued)

Financial assets that are past due and/or impaired (continued)

Other receivables – non-related parties

The age analysis of other receivables past due but not impaired is as follows:

	Group	
	31 December 2017 RMB'000	1 January 2017 RMB'000
Past due less than 2 months	–	–
Past due over 2 months	–	32
	–	32

The carrying amount of other receivables individually determined to be impaired and the movement in the related allowances for impairment are as follows:

	Group	
	31 December 2017 RMB'000	1 January 2017 RMB'000
Past due over 2 months	793	825
Less: Allowance for impairment	(793)	(793)
	–	32
Beginning of financial year	793	–
Allowance made	–	793
Allowance written off	(793)	–
End of financial year (Note 12)	–	793

The impaired other receivables arise mainly from balances which have been long overdue thus the likelihood of recoverability is low.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(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.

	Group			Company		
	31 December		1 January	31 December		1 January
	2018 RMB'000	2017 RMB'000	2017 RMB'000	2018 RMB'000	2017 RMB'000	2017 RMB'000
Less than one year						
Trade and other payables	**1,361**	2,984	16,284	**1,426**	2,843	1,705

(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.

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 2017, 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.

	31 December		1 January
	2018 RMB'000	2017 RMB'000	2017 RMB'000
Group			
Net debt	**–**	–	–
Total equity	**45,841**	44,436	42,889
Total capital	**45,841**	44,436	42,889
Gearing ratio	**NM***	NM*	NM*

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(d) Capital risk (continued)

	31 December		1 January
	2018 RMB'000	2017 RMB'000	2017 RMB'000
Company			
Net debt	**–**	–	–
Total equity	**24,261**	28,251	34,058
Total capital	**24,261**	28,251	34,058
Gearing ratio	**NM***	NM*	NM*

* *NM = Not meaningful*

The Group and the Company have no externally imposed capital requirements for the financial years ended 31 December 2018 and 2017.

(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.

(f) Financial instruments by category

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

	31 December		1 January
	2018 RMB'000	2017 RMB'000	2017 RMB'000
Group			
Financial assets, at amortised cost	**42,749**	43,894	60,071
Financial liabilities, at amortised cost	**1,361**	2,984	16,284

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

(f) Financial instruments by category (continued)

	31 December		1 January
	2018 RMB'000	2017 RMB'000	2017 RMB'000
Company			
Financial assets, at amortised cost	**21,172**	26,490	34,617
Financial liabilities, at amortised cost	**1,426**	2,843	1,705

25 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

	Group	
	2018 RMB'000	2017 RMB'000
Sub-lease of office space to other related parties	**662**	–
Services received from other related parties	**–**	(400)
Services rendered to associated company	**–**	113

Other 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 19 to the financial statements respectively.

(b) Key management personnel compensation

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

	Group	
	2018 RMB'000	2017 RMB'000
Salaries and bonus	**3,104**	2,692
Directors' fees	**993**	929
Employer's contribution to defined contribution plans including CPF	**386**	398
	4,483	4,019

Included in the above is total compensation to directors of the Company amounted to RMB2,612,000 (2017: RMB2,879,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

26 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".

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

	Discontinued operations	Continuing operations		
2018	Garment trading RMB'000	Corporate advisory RMB'000	All other segments RMB'000	Total RMB'000
Sales				
Corporate advisory services	–	9,822	–	9,822
	–	9,822	–	9,822
Other income	–	1,098	871	1,969
Interest income	–	1,030	299	1,329
Currency exchange (loss)/gain, net	(246)	511	638	903
Depreciation	–	(2)	(21)	(23)
Employee compensation	–	(2,223)	(2,096)	(4,319)
Directors' fee	–	–	(993)	(993)
Professional fees	(5)	(16)	(698)	(719)
Rental on operating leases	–	(2,051)	(1,395)	(3,446)
Finance	(2)	(8)	(11)	(21)
Other operating expenses	7	(725)	(553)	(1,271)
Share of loss of a joint venture	–	–	(78)	(78)
Share of loss of an associated company	–	17	–	17
(Loss)/profit before income tax	(246)	7,453	(4,037)	3,170
Income tax expense	–	(1,765)	–	(1,765)
Total (loss)/profit	(246)	5,688	(4,037)	1,405
Segment assets	1,051	24,049	23,159	48,259
Segment assets includes:				
Investments in an associated company and a joint venture	–	1,992	3,204	5,196
Additions to:				
– property, plant and equipment	–	–	–	–
Segment liabilities	(1,057)	(270)	(1,091)	(2,418)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

26 SEGMENT INFORMATION (CONTINUED)

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

	Discontinued operations	Continuing operations		
2017	Garment trading RMB'000	Corporate advisory RMB'000	All other segments RMB'000	Total RMB'000
Sales				
Corporate advisory services	–	19,389	–	19,389
Sales of trading goods	2,718	–	–	2,718
	2,718	19,389	–	22,107
Other income	–	207	19	226
Interest income	–	37	129	166
Currency exchange (loss)/gain, net	(595)	(242)	450	(387)
Purchase of trading goods	(2,664)	–	–	(2,664)
Consultancy charges	–	(1,931)	–	(1,931)
Depreciation	(38)	(2)	(46)	(86)
Employee compensation	–	(1,223)	(2,608)	(3,831)
Directors' fee	–	–	(929)	(929)
Professional fees	(247)	(302)	(2,407)	(2,956)
Rental on operating leases	–	(1,344)	(1,672)	(3,016)
Finance	(5)	(4)	(8)	(17)
Other operating expenses	(95)	(461)	(793)	(1,349)
Share of loss of a joint venture	–	–	(640)	(640)
Share of loss of an associated company	–	(25)	–	(25)
(Loss)/profit before income tax	(926)	14,099	(8,505)	4,668
Income tax expense	–	(3,121)	–	(3,121)
Total (loss)/profit	(926)	10,978	(8,505)	1,547
Segment assets	10	24,583	24,876	49,469
Segment assets includes:				
Investments in an associated company and a joint venture	–	1,975	3,282	5,257
Additions to:				
– property, plant and equipment	–	–	34	34
Segment liabilities	(1,115)	(2,781)	(1,137)	(5,033)

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 2018

26 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) 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.

(b) Geographical information

The Group's business segments operate mainly in People's Republic of China and Hong Kong, and the non-current assets from the following main geographical area are as follows:

	Non-current assets	
	31 December 2018 RMB'000	31 December 2017 RMB'000
People's Republic of China	**1,992**	1,975

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

27 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2019 and which the Group has not early adopted:

SFRS(I) 16 Leases (effective for annual periods beginning on or after 1 January 2019)

SFRS(I) 16 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

The Group will apply the standard from its mandatory adoption date of 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

27 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

SFRS(I) 16 Leases (effective for annual periods beginning on or after 1 January 2019) (continued)

As at 31 December 2018, the Group has non-cancellable operating lease commitments of RMB3,951,000 [Note 23(a)]. However, the Group has yet to determine to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's loss and classification of cash flows.

The Group's activities as a lessor are not material and the Group does not expect any significant impact on the financial statements. However, some additional disclosures will be required from next year.

Effective for annual periods beginning on or after 1 January 2020

- Amendments to References to the Conceptual Framework in SFRS(I) Standards
- Amendments to illustrative examples, implementation guidance and SFRS(I) practice statements
- Amendments to SFRS(I) 3 – Business Combinations – definition of a business
- Amendments to SFRS(I) 1-1 and SFRS(I) 1-8: Definition of Material

Effective for annual periods beginning on or after 1 January 2021

- SFRS(I) 17 Insurance Contracts

Effective date: to be determined*

- Amendments to SFRS(I) 10 and SFRS(I) 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

* *The mandatory effective date of this Amendment had been revised from 1 January 2016 to a date to be determined by the Accounting Standards Council Singapore ("ASC") in December 2015 via Amendments to Effective Date of Amendments to FRS 110 and FRS 28.*

STATISTICS OF SHAREHOLDINGS

AS AT 20 MARCH 2019

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	0	0.00	0	0.00
100 – 1,000	24	3.95	13,000	0.00
1,001 – 10,000	92	15.16	609,600	0.03
10,001 – 1,000,000	415	68.37	84,959,200	3.99
1,000,001 AND ABOVE	76	12.52	2,044,418,200	95.98
TOTAL	**607**	**100.00**	**2,130,000,000**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	CITIBANK NOMINEES SINGAPORE PTE LTD	1,144,922,800	53.75
2	UOB KAY HIAN PRIVATE LIMITED	258,688,904	12.15
3	G&W INVESTMENT MANAGEMENT CO LTD	100,000,000	4.69
4	KGI SECURITIES (SINGAPORE) PTE. LTD.	96,706,200	4.54
5	DBS NOMINEES (PRIVATE) LIMITED	74,550,200	3.50
6	RAFFLES NOMINEES (PTE.) LIMITED	52,182,100	2.45
7	PHILLIP SECURITIES PTE LTD	43,213,096	2.03
8	OCBC SECURITIES PRIVATE LIMITED	16,979,600	0.80
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	HUANG FANGXUE	11,920,000	0.56
13	TAN ENG CHUA EDWIN	11,707,900	0.55
14	RAMESH S/O PRITAMDAS CHANDIRAMANI	10,650,300	0.50
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	TAN WEIREN VINCENT (CHEN WEIREN VINCENT)	7,048,100	0.33
19	RHB SECURITIES SINGAPORE PTE. LTD.	6,994,600	0.33
20	ZHOU WEIKANG	5,758,100	0.27
	TOTAL	**1,911,022,300**	**89.73**

STATISTICS OF SHAREHOLDINGS

AS AT 20 MARCH 2019

SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders of the Company (as recorded in the Register of Substantial Shareholders) as at 20 March 2019.

			No. of Ordinary Shares	
Name	**Direct Interest**	**%**	**Indirect Interest**	**%**
Wang Xin[1]	–	–	1,132,147,800	53.15%
Forise Capital Group Limited	1,132,147,800	53.15%	–	–
Forise Global Holdings Limited[1]	–	–	1,132,147,800	53.15%
Weng Wenwei[2]	–	–	161,500,000	7.58%

Notes:

(1) Forise Global Holdings is deemed to be interested in the 1,132,147,800 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 1,132,147,800 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.

(2) 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 20 March 2018, approximately 39.27% 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**") will be held at 4 Shenton Way SGX Centre 2 #17-01, Singapore 068807 on Monday, 29th day of April 2019 at 2.00 p.m. for the following purposes:–

AS ORDINARY BUSINESS

1. To receive and, if approved, adopt the Audited Accounts for the financial year ended 31 December 2018 together with the Directors' Statement and Independent Auditors' Report thereon.

   Resolution 1

2. To approve the payment of Directors' Fees of S$180,000 for the financial year ending 31 December 2019, to be paid quarterly in arrears (2018: S$202,500).

   Resolution 2

3. To re-elect Mr Wang Xin who is retiring under Regulation 107 of the Company's Constitution, as Director of the Company.

   Resolution 3

4. To re-elect Mr. San Meng Chee who is retiring under Regulation 107 of the Company's Constitution, as Director of the Company.

   Resolution 4

5. To re-elect Mr. Azman Hisham Bin Ja'afar who is retiring under Regulation 117 of the Company's Constitution, as Director of the Company.

   Resolution 5

6. 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

7. 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:–

8. 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,

NOTICE OF ANNUAL GENERAL MEETING

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

(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
12 April 2019
SINGAPORE

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Note:

(i) If re-elected under Resolution 3, Mr. Wang Xin will remain as Executive director of the Company.

(ii) If re-elected under Resolution 4, Mr. San Meng Chee will remain as Non-executive director of the Company.

(iii) If re-elected under Resolution 5, Mr. Azman Hisham Bin Ja'afar will remain as Non-executive director of the Company.

(iv) 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. at 9 Raffles Place #29-01 Republic Plaza Tower 1, Singapore 048619 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.

This page has been intentionally left blank

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 12 April 2019.

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 4 Shenton Way SGX Centre 2 #17-01, Singapore 068807 on 29 April 2019 at 2.00 p.m. and at any adjournment thereof.

*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 2018		
2.	Payment of Directors' Fees amounting to S$180,000 for financial year ending 31 December 2019, to be paid quarterly in arrears		
3.	Re-election of Mr. Wang Xin as a Director of the Company		
4.	Re-election of Mr. San Meng Chee as a Director of the Company		
5.	Re-election of Mr. Azman Hisham Bin Ja'afar as Director of the Company		
6.	Re-appointment of Nexia TS Public Accounting Corporation as Independent Auditors of the Company		
	Special Business		
7.	Authority to Directors to allot and issue new shares pursuant to Section 161 of the Companies Act, Cap. 50		

Dated this _____ day of _____ 2019.

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. at 9 Raffles Place #29-01 Republic Plaza Tower 1, Singapore 048619 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.

FH 复华国际
FORISE INTERNATIONAL LIMITED

FORISE INTERNATIONAL LIMITED
80 Raffles Place, UOB Plaza 2 #11-20
Singapore 048624
Tel: 6532 3008 • Fax: 6532 3007
www.foriseinternational.com