



**PROVIDING SOLUTIONS  
EXPANDING HORIZONS**

ANNUAL REPORT 2020



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**PROVIDING SOLUTIONS  
EXPANDING HORIZONS**



# STATEMENT BY DIRECTORS

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present Forise International Limited's annual report for the financial year ended 31 December 2020 ("FY2020").

FY2020 has been an unprecedented year for people from all walks of life due to the myriad challenges resulted from the COVID-19 pandemic. To this date, the ongoing COVID-19 pandemic has claimed more than 2.7 million lives worldwide as infections surged around the globe. This has led to the implementation of lockdown measures globally to contain the spread of the virus and this, in turn has caused major disruption and devastation in business activities as well as the global economy.

Amidst of the challenging external environment during FY2020, we have forged ahead to focus on the development of our management consultancy business of Prisma Technologies Pte. Ltd. ("Prisma Tech"). We are encouraged by the display of resilience shown by, the Group; delivering a commendable increase in revenue during the year.

## KEY MILESTONES IN 2020

Our Group has completed the disposal of our fund management business on 4 August 2020. This move allowed us to dispose a loss-making asset so that we can re-allocate our available resources more efficiently. Following the divestment, the Group focused on the development and growth of its management consultancy businesses. In view of the potential application of digital transformation in the new economy, the Group has also entered into a joint venture with Prisma AI Corporation Pte. Ltd. in October 2019 and incorporated a subsidiary corporation, Prisma Tech with non-controlling shareholders.

To this end, Prisma Tech has been awarded several contracts to provide management consultancy services which relates to the provision of solutions for visual recognition information technology solutions, which included the management consultancy services for the: i) enhancement of the security of a payment gateway of a cryptocurrency trader; ii) improvement of the tracking of container trucks in depot; iii) advising on the implementation of contactless healthcare IoT ("Internet-of-Things") solutions; iv) advising on a system to track and manage city traffic; v) implementation of facial recognition system for a local parliament office and government department; vi) implementation of artificial intelligence solutions for road transport; and many others.

## 2020 PERFORMANCE REVIEW

The Group's revenue for FY2020 increased by RMB7.26 million or 204.1% to RMB10.81 million from RMB3.55 million in FY2019. This was mainly due to more management consultancy contracts secured by Prisma Tech in FY2020 as compared to only 1 contract in FY2019 since its incorporation in October 2019.

Despite the above, the Group reported a net loss of RMB1.82 million in the year under review against RMB27.39 million in the preceding year.

# STATEMENT BY DIRECTORS

## FUTURE OUTLOOK

The COVID-19 pandemic has caused severe disruption to global economic activities and the impact on economies across the world has been broad and significant. Notwithstanding the roll-out of vaccines in various countries since December 2020, the effects of the pandemic are expected to linger on for years. The Group expects business headwinds to continue in FY2021 and the global market to remain uncertain and challenging.

In spite of the challenges arising from the above, Prisma Tech was able to deliver growth in both top and bottom lines. Revenue of RMB9.73 million and net profit of RMB3.23 million were generated and reported by Prisma Tech in FY2020. This has provided a great confidence booster to the Group to continue its focus on the development and Growth of the business of management consultancy services in the areas of Artificial Intelligence ("AI") and Information Technology ("IT").

In view of the implementation of various measures, including tighter social distancing controls by the respective governments of the world, including the introduction of lock down, travel restrictions, work-from-home arrangements etc, many businesses have changed its way of doing business. The Group remains open and committed to source for other business opportunities to expand and enhance the performance and net asset value of the Group.

## ACKNOWLEDGEMENTS

I would also like to take this opportunity to welcome Mr. Boye Kobaek Hartmann who has joined us as Executive Director on 1 July 2020. We look forward to working closely with him to deliver greater achievements for the Group.

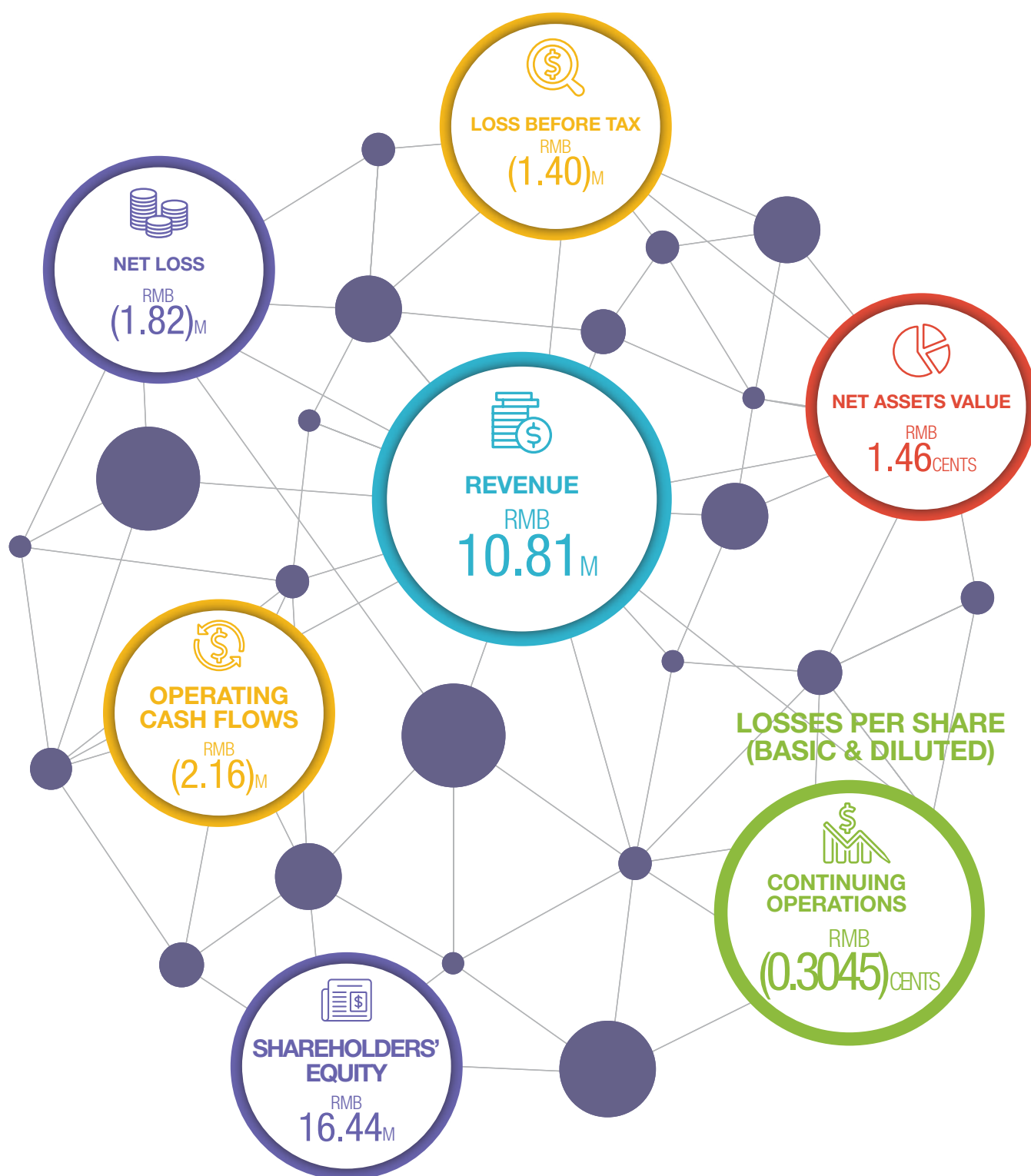
On behalf of the Board of Directors, I would like to express my gratitude to our shareholders, business partners and associates, as well as clients and bankers for their staunch support and faith in us throughout our corporate journey. I would also like to thank the management and staff for their hard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

On behalf of the Board of Directors

**Mr. Peng Weile (Leo)**

Executive Director

# FINANCIAL HIGHLIGHTS



# FINANCIAL REVIEW

## FINANCIAL PERFORMANCE

The core 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 2020 ("FY2020") increased by RMB7.26 million, from RMB3.55 million for the financial year ended 31 December 2019 ("FY2019") to RMB10.81 million for FY2020. The increase in revenue is mainly due to higher revenue from management consultancy services as Prisma Technologies Pte. Ltd. ("Prisma Tech") was incorporated in October 2019 and has since commenced its business activities, securing various contracts and performing services in respect of these contracts during FY2020.

Other income of the Group decreased by RMB0.64 million from RMB1.32 million in FY2019 to RMB0.68 million in FY2020. The decrease was mainly attributable to lower sublease rental income as a result of the termination of a sub-lease agreement upon the expiration of the office lease agreement for UOB Plaza 2 and no incentive grant received from the Tianjin Local Tax Authority during FY2020. The Group's interest income also decreased by RMB0.21 million from RMB0.28 million in FY2019 to RMB0.07 million in FY2020. The decrease was due to lower interest earned from fixed deposits with financial institutions as a result of lower amounts of fixed deposits placements in FY2020.

The Group recorded foreign currency exchange losses of approximately RMB0.89 million in FY2020. As the Group was in net United States Dollar ("USD") and Singapore Dollar ("SGD") assets position, the depreciation of the USD and SGD against Renminbi ("RMB") contributed to the foreign currency exchange loss.

In August 2020, the Group had completed the disposal of its joint venture, TNT Global Capital Pte Ltd, and recorded a gain on disposal of RMB0.45 million.

The Group recorded an amortization of right-of-use asset ("ROU") and interest expense for lease liability amounting to RMB0.89 million and RMB0.02 million respectively.

Employee compensation increased by RMB2.25 million from RMB4.09 million in FY2019 to RMB6.34 million in FY2020, mainly due to an increase of headcount in Prisma Tech during FY2020.

Professional fees of the Group increased by RMB0.90 million, from RMB1.10 million in FY2019 to RMB2.00 million in FY2020, mainly due to more professional services received in relation to various corporate actions and other advisory matters of the Group.

The Group recognized its share of losses in a joint venture and associated company of RMB0.02 million and RMB0.79 million respectively for FY2020.

As a result of the above, the Group recorded a loss before tax of RMB1.40 million in FY2020 and income tax expense of RMB0.42 million arising from Prisma Tech in FY2020. Consequent to the above, the Group recorded net loss of RMB1.82 million in FY2020.

## FINANCIAL POSITION

### Non-Current Assets

Non-current assets decreased by RMB1.40 million from RMB1.40 million in FY2019 to Nil in FY2020. The decrease was mainly due to the disposal of the joint venture and depreciation of property, plant and equipment during FY2020.

### Current Assets

As at 31 December 2020, the current assets of the Group amounted to RMB18.32 million which represented the Group's total assets. The Group's current assets mainly comprises of cash and cash equivalents and trade and other receivables.

Cash and cash equivalents decreased by RMB1.94 million from RMB6.35 million in FY2019 to RMB4.41 million in FY2020, mainly due to net cash used in operating activities of RMB2.16 million and net cash used in financing activities of RMB0.83 million offset with the net cash generated from investing activities of RMB1.05 million.

Trade and other receivables increased by RMB1.94 million from RMB11.89 million in FY2019 to RMB13.83 million in FY2020. The increase was mainly attributable to:

- i. Increase in trade receivables of RMB4.68 million which was attributable to the management consultancy service revenue generated by Prisma Tech in FY2020 of RMB9.73 million, partially offset with collections received of RMB5.16 million during the year.
- ii. The decrease in net other receivables of RMB2.74 million, mainly due to: a) foreign exchange loss of RMB0.49 million arising from the translation of the advance from Prisma Tech to Prisma AI Corporation Pte. Ltd. ("Prisma AI"), which is denominated in SGD, and b) partial repayment of the advance amounting to RMB2.23 million.

# FINANCIAL REVIEW

The ROU asset represents the lease of Singapore office premises. The Group recorded a Nil ROU asset in FY2020 upon the expiration of the lease of office premises. The Group has no other operating leases which met the requirements of ROU under SFRS(I) 16.

## Current Liabilities

As at 31 December 2020, the current liabilities of the Group amounted to RMB1.89 million which were mainly trade and other payables and current income tax liabilities.

Current liabilities of the Group decreased by RMB0.61 million, from RMB2.49 million as at 31 December 2019 to RMB1.88 million as at 31 December 2020, mainly due to:

- i. Decrease in lease liabilities of RMB0.91 million in FY2020 due to the expiration of lease of Singapore office premises;
- ii. Payment of tax amounting to RMB0.56 million in respect of a former Hong Kong subsidiary corporation which had been disposed of in FY2019;
- iii. Increase in accrued operating expenses of RMB0.46 million for FY2020; and
- iv. Increase in current income tax liabilities of the Group of RMB0.41 million, derived from Prisma Tech.

## Shareholder's equity

Consequent to the above, total shareholder's equity decreased from RMB18.46 million in FY2019 to RMB16.44 million in FY2020.

## CASH FLOWS

The Group generated net cash flows used in operating activities of RMB2.16 million in FY2020. This was mainly due to an increase in trade and other receivables and the operating losses reported on.

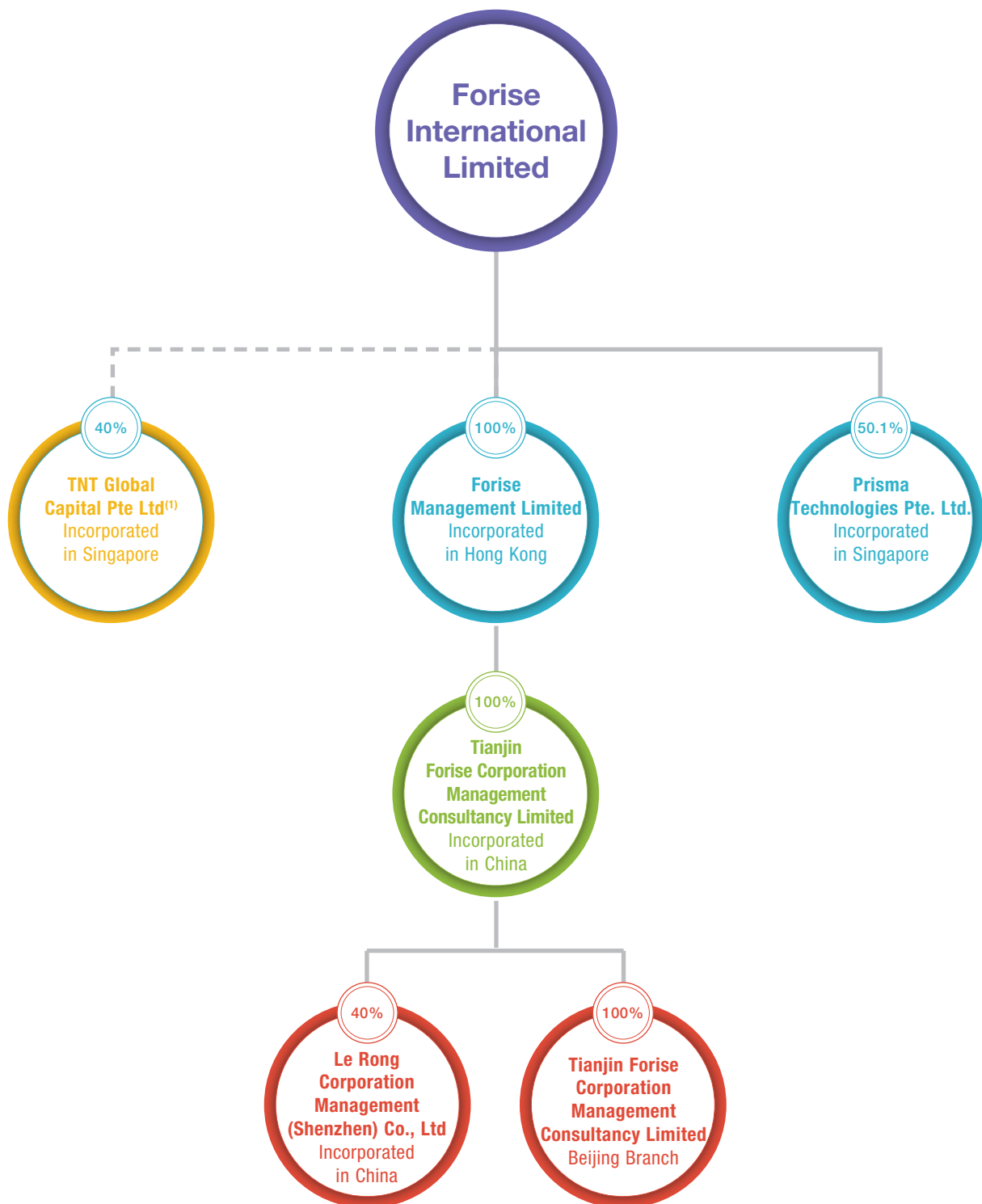
Net cash generated from investing activities of RMB1.05 million for FY2020 was in relation to proceeds from the disposal of the joint venture.

Consequent to the above, cash and cash equivalents decreased by RMB1.94 million from RMB6.35 million as at 31 December 2019 to RMB4.41 million as at 31 December 2020.





# GROUP STRUCTURE



(1) TNT Global Capital Pte Ltd has been disposed on 4 August 2020.

## BOARD OF DIRECTORS



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

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

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



**MR. BOYE KOBÆK HARTMANN** ("Mr. Hartmann") is the Executive Director of our Group. He was appointed to our Board on 1 July 2020.

Mr. Hartmann's expertise lies in the areas of IT, including digital transformation, mobile marketing and web innovation. Throughout the years, Mr. Hartmann has been working with cutting edge technology, creating innovative solutions on various platforms of Learning, Human Resource Solutions and Marketing Automation. Mr. Hartmann is also active in the fields of Blockchain and Automation, where he has been a speaker at various events around the region.

Mr. Hartmann had been a Board member in multinational organisations, such as The Danish Indonesian Business Chamber (DanCham), which is set up to promote and strengthen Danish business opportunities in Indonesia, and The Founder Institute, which offers American business incubator, entrepreneur training and start-up launch programmes. Mr. Hartmann is also a senior advisor to the Nordic-China Start-up Forum, which promotes entrepreneurship, technology, investment, start-ups and scale-ups in Nordic countries and China. In addition, Mr. Hartmann acted as an integral part of Kejora (as part of the leadership committee), Loyal VC (as an Advisor), 7BC Venture Capital (as a Venture Partner & City Managing Director of South-East Asia and China) and Mountain Partners (as a Special Advisor and Non-executive Director). These are venture capital/investment companies/funds. The aggregate number of investments made in South-East Asia by Mr Hartmann, together with the foregoing entities, totals over 100. Mr. Hartmann has acted as an angel investor with more than 75 deals under his belt, and was a previous member of Danish Business Angels, Copenhagen (wherein he had represented angel investors at European Business Angels Network, negotiating terms for angel investors with the European commission). He is or has been a Mentor to a good number of firms, and in some cases had been a key personnel in running the programmes (for example, in The Alchemist Accelerator, IdeaBox Indonesia, The Founder Institute, Copenhagen School of Entrepreneurship (at Copenhagen Business School), Aalborg University Supporting Entrepreneurship Programme, Lean Startup Machine, Plug and Play Indonesia and Endeavour Indonesia) for more than 13 years. Further, Mr Hartmann had started his first company at age 19, and had since been a part of many startups as its founder, management or valued advisor. Among these were building a Cleaning company in Moscow, building an ISP in Poland, building a hardware company in Aalborg and building a digital consultancy in South East Asia.

Mr. Hartmann holds a Degree in Marketing from Copenhagen Business College.

## BOARD OF DIRECTORS



**MR. PENG FEI** (“Mr George Peng”) is the Non-Executive Director of our Group. He was appointed to our Board on 19 August 2015 and was last re-elected at the Company’s AGM on 29 June 2020.

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

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

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



**MR. AZMAN HISHAM BIN JA'AFAR** (“Mr. Azman”) is our Independent Director. He was appointed to our Board on 1 January 2019 and was last re-elected at the Company’s AGM on 29 April 2019.

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

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

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

## BOARD OF DIRECTORS



**MR. CHIN SIN BENG** (“Mr. Chin”) is our Independent Director. He was appointed to the Board on 15 November 2019 and was last re-elected at the Company’s AGM on 29 June 2020.

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

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



## KEY MANAGEMENT

### DR SHREERAM SUBRAMANIAM IYER

Dr Shreeram Subramaniam Iyer ("Dr Shreeram") joined Prisma Technologies Pte. Ltd. ("Prisma Tech") as Director in October 2019. Dr Shreeram is responsible for the operations of the management consultancy activities of Prisma Tech.

Dr Shreeram has over two decades of experience in the field of IT and in key functions such as sales, brand development, operations and market expansion. He has been a strategic IT advisor to the economic development agency of the German State of North Rhine-Westphalia for more than a decade, and has been closely associated with various bilateral chambers globally. Dr Shreeram has served as the Chairman and Group CEO of Prisma AI Corporation Pte Ltd since December 2012 and he was previously a senior vice president – International Operations of Patni Computer Systems Ltd. and senior vice president and head of Asia Pacific for Gamapiy Infotech and Motorola Wireless.

Dr Shreeram holds a Bachelor of Mechanical Engineering, Post Graduate Diploma in Computer Science and Master of Marketing Management from University of Mumbai. Dr Shreeram completed an Executive Programme in Artificial Intelligence and Business Specification from Massachusetts Institute of Technology in 2019 over 26 weeks. He also obtained a Professional Doctoral Certificate in Technology Management with Specialisation in Vision Based Artificial Intelligence from the European International University. He has been instrumental in adapting and enhancing existing technologies and implementing new technologies in the global market, specifically in the field of cognitive computing and AI.

### CHEONG YEE YANG

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

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

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

### XING YUE SHENG

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

Prior to joining our Group, Mr. Xing has over 8 years of experience in corporate finance, corporate advisory (including IPO, restructuring, investment management and fund management), Merger and Acquisitions and

has gained through past employments with Da Tang Jin Fund Management Limited and Wei Guang Hui Tong Cultural Tourism Investment Limited.

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

### WU LI WEI

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

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

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

### QIAO ZHENNI (Resigned on 31 December 2020)

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.

### PRANAL GORE

Pranal Gore joined Prisma Tech as principal project manager in February 2020. Mr. Pranal is responsible for various aspects of management of Prisma Tech's IT solutions related projects, including planning and establishing project goals; setting milestones and tracking progress; guiding the team based on his expertise; ensuring timely delivery; assessing, improving, and resolving glitches along the way; and working with finance and determining and adhering to a set budget.

Mr. Pranal is a machine learning engineer and coder with 13 years of professional and corporate experience. He specialises in machine learning algorithms and statistics, and is also a proficient coder in Python, Angular5, NodeJS, ASP.NET and C#. Prior to joining Prisma Tech in February 2020, he was a Senior Software Development Engineer at i2e Consulting India. He was also previously a Software Developer at Reliance Infosolutions, Qveda Interactive Design and Aurionpro and a Senior Consultant at Capgemini Technology Services India, and has significant experience in managing projects in the AI sphere.

Mr. Pranal holds a Bachelor of Computer Engineering from K.C. College of Engineering and a Master of Business Administration, Information Technology from Kala Institute of Management Studies and Research.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Peng WeiLe (Leo)  
Boye Kobaek Hartmann

### Non-Executive Directors

Peng Fei (George)  
Chin Sin Beng  
Azman Hisham Bin Ja'afar

## AUDIT COMMITTEE

Chin Sin Beng (*Chairman*)  
Azman Hisham Bin Ja'afar  
Peng Fei (George)

## REMUNERATION COMMITTEE

Azman Hisham Bin Ja'afar  
(*Chairman*)  
Chin Sin Beng  
Peng Fei (George)

## NOMINATION COMMITTEE

Azman Hisham Bin Ja'afar  
(*Chairman*)  
Chin Sin Beng  
Peng Fei (George)

## REGISTERED AND SINGAPORE OFFICE

3 Temasek Avenue  
#34-42B Centennial Tower  
Singapore 039190  
Tel: (65) 6549 7110

## COMPANY SECRETARY

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

## SHARE REGISTRAR AND SHARE TRANSFER

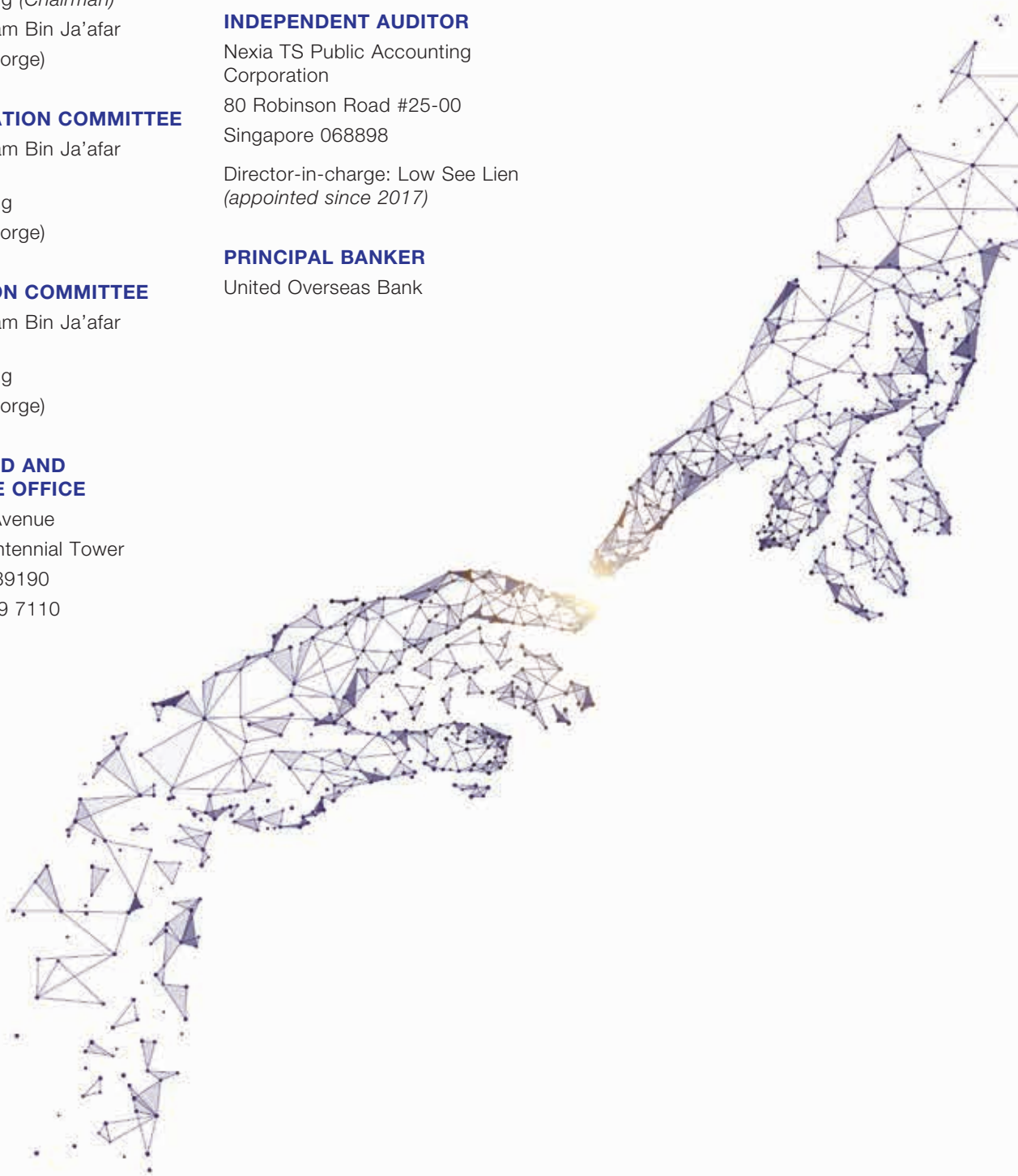
In.Corp Corporate Services Pte. Ltd.  
(formerly known as RHT Corporate  
Advisory Pte. Ltd.)  
30 Cecil Street  
#19-08 Prudential Tower  
Singapore 049712

## INDEPENDENT AUDITOR

Nexia TS Public Accounting  
Corporation  
80 Robinson Road #25-00  
Singapore 068898  
  
Director-in-charge: Low See Lien  
(*appointed since 2017*)

## PRINCIPAL BANKER

United Overseas Bank



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# SUSTAINABILITY REPORT

## ABOUT THIS REPORT

The Board of Directors of Forise International Limited (the “Board”) is pleased to present our Sustainability Report for our financial year ended 31 December 2020 (“FY2020”).

This report is prepared in compliance with the requirements of Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Rules 711A and 711B and references the Global Reporting Initiative (“GRI”) Standards, Core option. Forise International Limited has chosen the GRI framework as it is one of the most established international sustainability reporting standards. 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 2020.

Recognising the importance of sustainability, the Executive Committee (“EMCO”) leads sustainability efforts at the Company. The EMCO reports directly to the Board, which has considered sustainability issues as part of its strategic formulation, determined the material Economic, Environment, Social and Governance (“EESG”) factors and overseen the management and monitoring of these factors.

We welcome feedback from our stakeholders with regards to our sustainability efforts as this enables us to improve our policies, systems and results. Please send your comments and suggestions to [contact@foriseinternational.com](mailto:contact@foriseinternational.com).

## ORGANIZATIONAL PROFILE

Forise International Limited (formerly known as Great Group Holdings Limited) was incorporated on 29 February 2008 and listed on the Main Board of the Singapore Exchange Securities Trading Limited (SGX) on 25 September 2009.

Following the divestment of the garment trading business and cessation of inactive subsidiaries in FY2019, the strategic direction of the Group is to focus on the development of strategic planning, corporate advisory, financial restructuring and solution and management consultancy services. In view of the growth and potential applications of digital transformation in the new economy, the Group has entered into a joint venture with Prisma AI Corporation Pte. Ltd. in October 2019 and incorporated a subsidiary corporation, Prisma Technologies Pte. Ltd.

## SUSTAINABILITY APPROACH

### Our Sustainability Methodology



### Stakeholder Engagement

An important starting point in our sustainability journey is to identify our stakeholders and material aspects relevant to our business. The interests and requirements of key stakeholders are also taken into account when formulating corporate strategies. These key stakeholders include, but are not limited to, customers, suppliers, employees, investors, and regulators. We adopt both formal and informal channels of communication to understand the needs of key stakeholders and incorporate these into our corporate strategies to achieve mutually beneficial relationships.



# SUSTAINABILITY REPORT

The table below sets out our engagement with our stakeholders:

Stakeholders	Engagement and Communication Channels	Frequency of Engagement	Key concerns and expectations	Our Responses and Actions
Clients	<ul style="list-style-type: none"> <li>Email queries</li> <li>Customer visit</li> <li>Information disclosure</li> </ul>	Ad-hoc	<ul style="list-style-type: none"> <li>Compliance operation</li> <li>Provide quality services</li> <li>Rights protection</li> </ul>	<ul style="list-style-type: none"> <li>Establish a two-way communication mechanism with customers</li> <li>Customer satisfaction feedback</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Open dialogues among teams</li> <li>Internal memorandum</li> <li>Relevant Information disclosure</li> </ul>	Yearly / Ad-hoc	<ul style="list-style-type: none"> <li>Guarantee their basic rights and interests</li> <li>Offer suggestions for enterprise development</li> <li>Develop employee capabilities and promote career development</li> <li>Sense of belongings and recognition</li> <li>Share the development achievements with the Company</li> </ul>	<ul style="list-style-type: none"> <li>Protection of employee lawful rights and interests</li> <li>Create a good working environment</li> <li>Provide relevant training to employees</li> <li>Promote the reward system for rational proposals</li> <li>Increase input in employees' occupational health</li> <li>Career planning and development path</li> </ul>
Local Communities	<ul style="list-style-type: none"> <li>Official website</li> <li>Sustainability Report</li> <li>Various social and charity events</li> </ul>	Yearly / Periodical	<ul style="list-style-type: none"> <li>Serve community development</li> <li>Work for public benefit</li> <li>Create job opportunities</li> <li>Help poor and disadvantaged group</li> </ul>	<ul style="list-style-type: none"> <li>Drive employment and local economic development</li> <li>Volunteer CSR activities</li> </ul>
Government and regulators	<ul style="list-style-type: none"> <li>Face-to-face meetings</li> <li>Regular reports</li> <li>Participation in discussions</li> </ul>	Periodical	<ul style="list-style-type: none"> <li>Abide with laws and regulations</li> <li>Service national economic development</li> </ul>	<ul style="list-style-type: none"> <li>Pay taxes</li> <li>Regular reporting to the government</li> <li>Realize prudent operation</li> </ul>
Service providers	<ul style="list-style-type: none"> <li>Face-to-face meetings</li> <li>Annual review and feedback sessions</li> <li>Contracts and agreements</li> </ul>	Yearly / Ad-hoc	<ul style="list-style-type: none"> <li>Realize fair and transparent procurement</li> <li>Promote joint development</li> </ul>	2-way communication with service providers and work closely to improve the quality of service

# SUSTAINABILITY REPORT

Investors/ Shareholders	<ul style="list-style-type: none"> <li>• Group Annual Report</li> <li>• Annual General Meeting</li> <li>• Half-yearly result</li> <li>• Informal discussion</li> </ul>	Half-yearly / yearly	<ul style="list-style-type: none"> <li>• Enhance earning capacity</li> <li>• Improve corporate governance structure</li> <li>• Perform the obligation of information disclosure</li> </ul>	<ul style="list-style-type: none"> <li>• Realize healthy growth</li> <li>• Establish shareholder communication mechanism</li> <li>• Issue annual report on a regular basis</li> </ul>
Media / SGX	<ul style="list-style-type: none"> <li>• Half-yearly result</li> <li>• Announcements</li> </ul>	Half-yearly and ad-hoc	Timely communication to public /regulators	Release Half-yearly result and other announcements in timely manner

## Material Aspects Assessment

We conduct a materiality review every year, incorporating inputs from stakeholder engagements.

To determine if an aspect is material, we assess its potential impact on the economy, environment and society and its influence on the stakeholders. Senior management took part in our assessments. Aspects were identified and prioritised through internal workshops, peer reviews and social impact assessments at site level. Applying the guidance from GRI, we have identified the following material aspects:



# SUSTAINABILITY REPORT

## ECONOMIC

### Economic Performance

Forise considers Economic, Environment, Social and Governance (EESG) as an important lever for value creation. We also believe that our investment practices and advisory services have an impact on society and we are committed to promoting sustainable development.

Environment, Governance, Internal Controls, Social and Health and Safety and Human Capital are some of the areas assessed by deal teams and considered by our Board of Directors as part of the investment decision-making process. In addition, various best practices processes are discussed with management for implementation in the areas of business conduct, management reporting, financial planning and analysis, cash management, internal controls and risk management, amongst others.

Thus, when providing advisory services to clients or making decisions on what to invest, we will invest in industries which are eco-friendly or morally ethical and also encourage our clients to do the same. If clients have specific requests to invest in companies with undesirable EESG factors, Forise may choose to turn down the transaction or re-assess the relationship.

For detailed financial results, please refer to the following sections in our Annual Report 2020:

- Financial Highlights, page 4
- Financial Review, page 5 - 6
- Financial Statements, page 45 - 109

### Anti-Corruption

Forise has a zero-tolerance stance on corruption. In our dealings with our clients, we require our employees to strictly uphold the Company's policy on anti-corruption, fraud, whistle-blowing bribery clauses. Employees have been informed of such policies via internal memo and employment contracts.

There have also been no reported incidents of corruption during the reporting period (FY2019: Nil).

Our goal is to maintain zero incidents of corruption. We will review the anti-corruption and whistle-blowing policies regularly and update all employees of the policies on yearly basis.

## ENVIRONMENT

Forise's direct environmental impact is limited, but we always strive to avoid unnecessary impact on the environment and to further reduce environmental impact.

### Energy

Forise, as a group, is committed to energy efficiency. In order to manage energy effectively, our offices adopted the following measures:

1. Installed LED energy saving bulbs,
2. Encouraged employees to practise energy-saving initiatives, we use energy only when needed (i.e., turn off the lights when not in use),
3. Printing of paper is minimised and print only when necessary, recycle paper for internal usage purposes, electronic mail is used.

We will continue to use energy on required basis and avoid wastage.

# SUSTAINABILITY REPORT

## Service Provider Environmental Assessment

Forise will continue to reduce its environmental impact and to encourage its stakeholders, such as service partners and trading partners, to meet the same expectations. We have been using reputable mid-tier firms who are environmentally friendly.

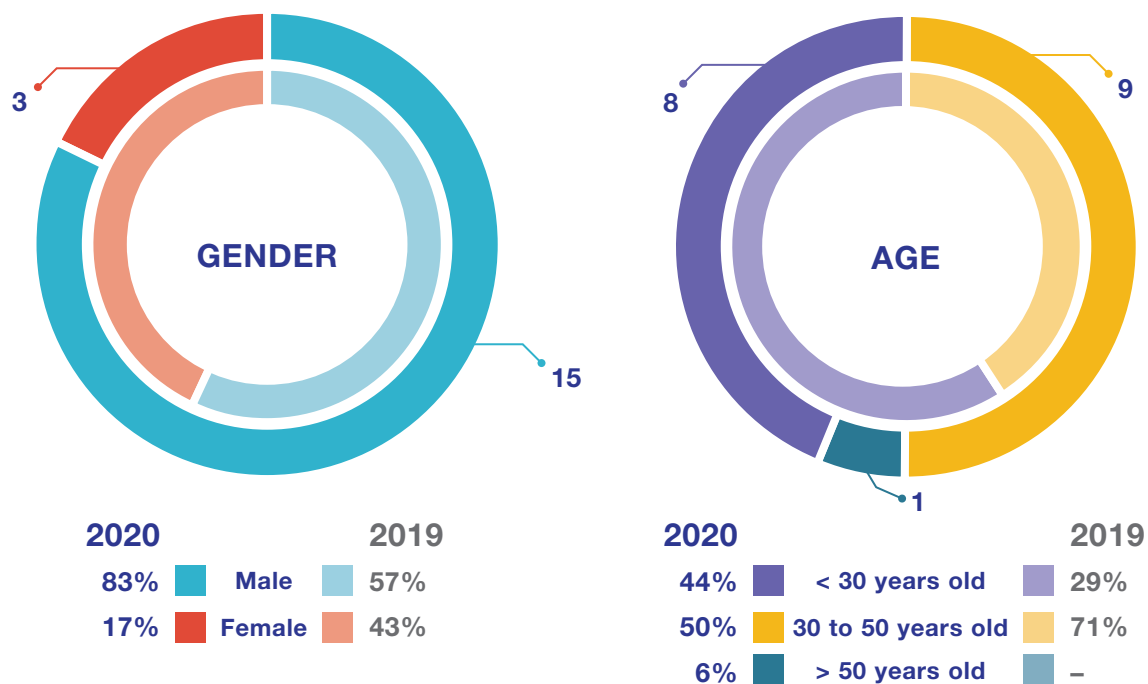
Going forward, Forise will regularly conduct annual evaluation of key service providers. Many of our clients now demand that we comply with anti-child labour laws and refrain from the use of non-eco-friendly materials which we will in due course pass on to our service providers.

In addition to questions about child labour and the use of non-eco-friendly materials, Forise will ask key service providers on their policies in monitoring and managing their supply chain with regards to environmental issues, their policies that promote efficient use of resources, ethics, training and any cases of non-compliance on environmental or safety issues. We ensure that all new suppliers are screened and selected with taking into consideration of environmental criteria.

## SOCIAL

### Diversity And Equal Opportunity

We embrace diversity, and at the same time expect employees to be aligned with the Group's vision and strategic initiatives. The age of our staff ranges from 20s to 60s. The ratio of male to female staff is 15:3.



Forise ensures compliance with labour and employment laws, including working hours. Furthermore, through the Code of Conduct, it is also stated that no colleagues should be discriminated against because of age, gender, national origin, disability, religion, sexual orientation, marital or maternity status, union membership or political opinion, among others. There have been no non-compliance in relation to discrimination is reportable to the manager, human resources or through our whistleblowing system in FY2020 (FY2019: Nil).

We give preference to the hiring of local talent. We are committed to providing competitive remuneration and benefits to our employees. We are also committed to safeguarding our employees' health and safety against any potential workplace hazards. There have been no work-place incidents for FY2020 (FY2019: Nil).

We aim to maintain zero incidents of complaints on discrimination and continue to have diversity and equal opportunity to employees.



# SUSTAINABILITY REPORT

## Training And Education

Forise understands that there is a continuous need to upgrade staff skills and knowledge. This is beneficial to the staff development and also to the Company. Thus, staff are encouraged to go for courses and seminars to keep themselves updated of the latest rules and regulations and the market investment trends. Senior Management team goes for training at least once every quarter.

We aim to continue providing relevant trainings to our employees in upcoming years.

## Socioeconomic Compliance

Forise firmly believes that focus on sustainability is critical and that it offers attractive opportunities. Companies that are best-in-class when it comes to operating in a sustainable way will be able to provide superior products and services and recruit the best employees, thereby outperforming their competitors longer-term.

We are fully committed to the highest standards of corporate governance. The Company's basic principle is that long-term profitability and shareholder value is ensured by taking into account the interests of stakeholders, such as shareholders, employees, suppliers, government, media, local communities and society as a whole.

We will:

- comply with all local and national legislation in each country of operation,
- continuously improve our social, environmental and economic impact,
- analyse risks, formulate objectives and to have adequate processes to manage and monitor control risks,
- adhere to the UN Global Compact (a voluntary initiative based on businesses' commitments to implement universal sustainability principles and to undertake partnerships in support of UN goals) and its ten principles as well as the OECD guidelines for Multinational Enterprises (which provide voluntary principles and standards for responsible business conduct consistent with applicable laws),
- encourage and promote diversity in our organizations, and
- have an active dialog with our stakeholders such as trading partners and shareholders.

Our objective is to maintain zero incident of non-compliance and continue to be in compliance with socio-economic laws and regulations.

## Local Communities

Forise believes in being socially responsible and we are actively involved in corporate social responsibility ("CSR") projects. These projects include reaching out to the less fortunate and extending a helping hand to them. In our recent years' CSR projects, we had visited Lee Ah Mooi Old age home in November 2018, we had arranged lunch catering for the residents and staff and had interacted with the residents during the events. In addition, both Forise and its employees had contributed some donation and the proceeds of such donation were used to buy some groceries for the residents of the old age home. Back in October 2017, our Tianjin WFOE team had visited a cerebral palsy rehabilitation centre and made donation of certain medical and sanitisation supplies. The centre provides special education, rehabilitation services, day activity centre programmes and training to persons with cerebral palsy and related disabilities.

In view of the outbreak of the COVID-19 pandemic in FY2020, as well as the various measures imposed to contain the spread of the virus such as social distancing, restriction of visits, limited size gathering and others, the Company therefore decided to suspend its CSR project temporarily for the year. However, the Company intends to continue supporting various community projects in the near future, to do our parts to contribute to society and the environment.

# SUSTAINABILITY REPORT

## GOVERNANCE

In FY2020, we complied with the Code of Corporate Governance. Please refer to the Annual Report pages 23 to 44 on our Corporate Governance Statement.

We will continue to comply with the Code of Corporate Governance and meet all requirements that are expected of us by our stakeholders.

### Business Ethics And Compliance

When it comes to hiring, we take any possibility of conflict of interest into serious consideration. Our Code of Conduct clearly outlines our expectations regarding employees' behaviour towards their colleagues, supervisors and overall organization, and consequences if any of the rules are violated or standards not met.

We also expect our employees to foster a well-organized, respectful and collaborative environment.

Employees of the Company are bound by their contracts to follow our Employee Code of Conduct while performing their duties. The components of our code of conduct mainly comprise of compliance of law, respect of workplace, protection of company property and professionalism.

Our target is to ensure all allegation received are promptly addressed and to maintain zero incidents of non-compliance.

### Enterprise Risk Management ("ERM")

ERM is an integral part of good corporate governance as well as resource management. A thorough and comprehensive ERM framework enables Forise to identify, communicate and manage its risks and exposures in an integrated, systematic and consistent manner. For detailed disclosure on ERM, please refer to our Annual Report, pages 37 to 38.

We will regularly review the ERM policies to ensure all relevant risks are identified, communicated and addressed timely.

# SUSTAINABILITY REPORT

## Gri Standards Content Index

GRI Standard	Disclosure	Reference / Description
GRI 101: Foundation 2016		
GENERAL DISCLOSURE		
GRI 102: General Disclosures	102-1	Name of organisation Forise International Limited
	102-2	Activities, brands, products and services Page 14
	102-3	Location of headquarters Singapore
	102-4	Location of operations China and India
	102-5	Ownership and legal form Page 14
	102-6	Markets served China, India and others
	102-7	Scale of the organisation Page 7
	102-8	Information on employees and other workers Page 18
	102-9	Supply chain Not applicable
	102-10	Significant changes to the organisation and its supply chain None
	102-11	Precautionary Principle or approach Forise does not specifically address the precautionary approach
	102-12	External initiatives Page 19
	102-13	Membership of associations Member of Singapore Business Federation
	102-14	Statement from senior decision maker Page 14
	102-16	Values, principles, standards and norms of behaviour Page 20
	102-18	Governance structure Page 23 to 44
	102-40	List of stakeholder groups Page 15 to 16
	102-41	Collective bargaining agreements None
	102-42	Identifying and selecting stakeholders Page 15 to 16
	102-43	Approach to stakeholder engagement Page 15 to 16
	102-44	Key topics and concerns raised Page 15 to 16
	102-45	Entities included in the consolidated financial statements Page 7
	102-46	Defining report content and topic boundaries Page 14
	102-47	List of material topics Page 16
	102-48	Restatement of information None
	102-49	Changes in reporting None
	102-50	Reporting period 1 Jan to 31 Dec 2020
	102-51	Date of most recent previous report 22 April 2020
	102-52	Reporting cycle Annually
	102-53	Contact point for questions about the report Page 14

# SUSTAINABILITY REPORT

	102-54	Claims if reporting in accordance with the GRI Standards	This report was guided by the GRI standards, Core option.
	102-55	GRI content index	Page 21 to 22
	102-56	External Assurance	We may seek external assurance in the future.

## MATERIAL TOPICS

GRI 201: Economic performance	201-1	Direct economic value generated and distributed	Page 17
GRI 205: Anti-corruption	205-1	Operations assessed for risks related to corruption	Page 17
GRI 302: Energy	302-1	Energy consumption within the organization	Page 17
GRI 308: Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	Page 18
GRI 404: Training and Education	404-1	Average hours of training per year per employee	Page 19

## GRI Standards Content Index

GRI Standard	Disclosure		Reference / Description
GRI 405: Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	Page 18
GRI 413: Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	Page 19
GRI 419: Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	Page 19



# CORPORATE GOVERNANCE AND RISK MANAGEMENT

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

The Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) requires all listed companies to describe, in their annual reports, their corporate governance practices with specific reference to the principles of the Code of Corporate Governance 2018 (the “**Code**”). As such, this report sets out the Company’s corporate governance framework and practices with specific reference to the Code, for the financial year ended 31 December 2020 (“**FY2020**”).

The Board of Directors is pleased to report that for FY2020, the Group has adhered closely with the principles and provisions of corporate governance of the Code. Where there are any deviations from the provisions of the Code, appropriate explanations have been provided.

## 1. **BOARD MATTERS**

### 1.1 **THE BOARD’S CONDUCT OF AFFAIRS**

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

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

#### **Executive Directors**

Peng Weile (Leo)	Executive Director
Boye Kobaek Hartmann	Executive Director

#### **Non-Executive Directors**

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

The Board aims to create value for shareholders and ensure the long-term success of the Company. In doing so, the Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the Company. The board ensures proper accountability within the Company by holding Management accountable for performance and exercising close oversight over key areas in corporate governance, finance, strategy, risk management and internal controls.

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

- (a) provides stewardship to the Company including charting its corporate strategies and business plans;
- (b) supervises the management of the businesses and affairs of the Group and provides guidance and advice to Management;
- (c) reviews and approves the Group’s strategic plans, key operational initiatives, major funding and investment proposals;
- (d) identifies principal risks of the Group’s businesses and ensures that appropriate systems are in place to manage these risks;
- (e) oversees the evaluation of the adequacy of internal controls, addresses risk management, financial reporting and compliance, and satisfies itself as to the sufficiency of such processes;

# CORPORATE GOVERNANCE AND RISK MANAGEMENT

## 1. BOARD MATTERS (CONTINUED)

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

- (f) reviews the financial performance of the Group;
- (g) evaluates the performance and compensation of senior management personnel of the Company;
- (h) assumes responsibility for corporate governance practices; and
- (i) consider corporate social responsibility and sustainability issues as part of its strategic formulation.

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

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

At law, Directors are to act objectively in good faith and the best interests of the Company, while exercising due care, skills and diligence, and avoid conflicts of interest in the discharge of the duties of their office.

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

Details of other Board Committees are as set out below:

1. Nominating Committee (Principle 4);
2. Remuneration Committee (Principle 6);
3. Audit Committee (Principle 10).

# CORPORATE GOVERNANCE AND RISK MANAGEMENT

## 1. BOARD MATTERS (CONTINUED)

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

#### Board Meetings

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

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

The number of meetings held by the Board and Board Committees and the Directors' attendance for FY2020<sup>(1)</sup> are summarized in the table below:

		Board Committees				AGM	EGM
		AC	RC	NC	Board		
<b>No. of Meetings Held in the Year</b>		3	1	2	3	1	1
<b>Board Members</b>	<b>Attendance Percentage</b>	<b>No. of Meetings Attended</b>					
Peng Weile (Leo)	100%	3	1	2	3	1	1
Boye Kobaek Hartmann <sup>(2)</sup>	80%	2	N/A	0	2	N/A	N/A
Peng Fei (George)	91%	3	1	2	2	1	1
Chin Sin Beng	100%	3	1	2	3	1	1
Azman Hisham bin Ja'afar	100%	3	1	2	3	1	1

#### Notes:

- (1) Refers to meetings held/attended while each Director was in office
- (2) Mr. Boye Kobaek Hartmann was appointed to the Board as an Executive Director on 1 July 2020 and attended all meetings thereafter, save for one NC meeting.

# CORPORATE GOVERNANCE AND RISK MANAGEMENT

## 1. BOARD MATTERS (CONTINUED)

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

#### **Access to Complete, Adequate and Timely Information**

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

Directors have unrestricted access to records and information of the Group, and have separate and independent access to Management, Company Secretaries, and external advisers. 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.

#### **Company Secretary**

The Company Secretary attends all meetings of the Board and Board Committees and ensures that Board procedures are followed and that applicable rules and regulations are complied with. Under the direction of the Chairman, the Company Secretary's responsibilities include among others, ensuring good information flow within the Board and its Board Committees and providing updates and advice on governance matters. The appointment and removal of the Company Secretary is a decision of the Board as a whole.

#### **Director Development/Training**

Newly appointed Directors will be briefed by the relevant members of the Management team on the Group's businesses, the regulatory and commercial environment in which the Group operates and its governance policies. If a new Executive Director is appointed, the Company will provide a formal letter to the director, setting out the Director's duties and obligations. Familiarization visits to the Group's offices will be organised on a need-to basis, where necessary, to facilitate better understanding of the Group's operations and projects.

First-time Directors who do not have prior experience as a director of a Singapore listed company are provided with comprehensive training in his roles and responsibilities as prescribed by the SGX-ST. The training will cover the roles and responsibilities of a director of a listed company, which includes relevant areas such as accounting, legal knowledge and compliance.

The Group sponsors relevant courses and seminars for new and existing Directors in issues beyond basic director's duties and liabilities. Our Directors, from time to time, attend appropriate courses, conferences and seminars. The Board encourages the Directors to continually develop and refresh their professional knowledge and skills, and to keep themselves abreast of relevant developments in the Group's business and the regulatory and industry-specific environments in which the Group operates.

# CORPORATE GOVERNANCE AND RISK MANAGEMENT

## 1. BOARD MATTERS (CONTINUED)

### 1.2 BOARD COMPOSITION AND GUIDANCE

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

As at the date of this report, the Board has five Directors, comprising two Executive Directors and three Non-Executive Directors of which two are Independent Directors.

In compliance with the Code, Non-Executive Directors make up a majority of the Board.

#### **Directors' Independence**

Under the Code, a Director is considered independent if he has no relationship with the company, its related corporations, substantial shareholders (holding not less than 5% of the total shareholding of the Company) or its officers that could interfere or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the company.

The Board considers the existence of relationships or circumstances, including those identified by the Listing Manual and the Code's Practice Guidance, that are relevant in its determination as to whether a Director is independent. Such relationships or circumstances include but is not limited to (a) the employment of a Director by the Company or any of its related corporations during the current or any of the past three financial years; (b) a Director being on the Board for an aggregate period of more than nine years; (c) the acceptance by a Director of any significant compensation from the Company or its related corporations for the provision of services during the current or previous financial year, other than compensation for board service; and (d) a Director being a substantial shareholder, executive officer or director of any organisation which provided to or received from the Company or any of its subsidiaries significant payments or material services during the current or immediate past financial year.

The independence of each Director is reviewed annually by the NC in accordance with the Code. The Directors complete an annual declaration of independence, whereby they are required to assess their independence taking into account the above requirements, which is then put to the NC for review. The two Independent Directors have confirmed their independence and that they do not have any interest in and any business or other relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to, interfere with the exercise of their independent judgment with a view to the best interests of the Group. Neither of them has been on the Board for an aggregate period of more than nine years. The NC is of the view that the two Independent Directors are independent in accordance with the definition of independence in the Code. Any Director who has an interest or relationship which is likely to impact their independence or conflict with a subject under discussion by the Board is required to immediately declare their interest or relationship to the Board.



# CORPORATE GOVERNANCE AND RISK MANAGEMENT

## 1. BOARD MATTERS (CONTINUED)

### 1.2 BOARD COMPOSITION AND GUIDANCE (CONTINUED)

When the Board requires new Independent Directors to be elected to the Board, the NC will first identify and recommend candidates to the Board, which then takes into account the views of the NC prior to determining whether the Director is independent in character and judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the Director's judgement.

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

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

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

#### **Board diversity**

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

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

# CORPORATE GOVERNANCE AND RISK MANAGEMENT

## 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 and 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
Peng Weile (Leo)	19 August 2015	27 April 2018	HealthBank Holdings Limited	Nil
Boye Kobaek Hartmann	1 July 2020	–	Nil	Nil
Peng Fei (George)	19 August 2015	29 June 2020	HealthBank Holdings Limited	Frontier Resources Limited
Chin Sin Beng	15 November 2019	29 June 2020	Nil	Nil
Azman Hisham bin Ja'afar	1 January 2019	29 April 2019	Nil	EpiCentre Holdings Limited

### 1.3 CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

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

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

# CORPORATE GOVERNANCE AND RISK MANAGEMENT

## 1. BOARD MATTERS (CONTINUED)

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

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

### 1.4 BOARD MEMBERSHIP

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

The NC establishes and reviews the profile required of Board members, and makes recommendations to the Board on the appointment, re-nomination and retirement of Directors, taking into account the need for progressive renewal of the Board and each Director's competencies, commitment, contribution and performance. To ensure that the governance and business needs of the Company are adequately addressed, the NC takes factors such as attendance, preparedness, participation and candour into consideration when evaluating the past performance and contributions of a Director when making its recommendations to the Board.

The NC comprises three Directors, the majority of whom (including the NC Chairman) are independent, namely:

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

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

- (a) To make recommendations to the Board on the appointment of new Executive and Non-Executive Directors, including making recommendations on the composition of the Board generally and the balance between Executive and Non-Executive Directors appointed to the Board;
- (b) To regularly review the Board structure, size and composition and make recommendations to the Board with regards to any adjustments that are deemed necessary;
- (c) To determine the process for search, nomination, selection and appointment of new board members and be responsible for assessing nominees or candidates for appointment or election to the Board, determining whether or not such nominee has the requisite qualifications and whether or not he/she is independent;
- (d) To determine annually whether or not a Director is independent, having regard to the provisions in the Code;
- (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;

# CORPORATE GOVERNANCE AND RISK MANAGEMENT

## 1. **BOARD MATTERS (CONTINUED)**

### 1.4 **BOARD MEMBERSHIP (CONTINUED)**

- (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.

#### **Process for Selection of New Directors**

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. In doing so, 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.

#### **Re-nomination of Directors**

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

- (a) Peng Weile (Leo) (per Regulation 107)
- (b) Boye Kobaek Hartmann (per Regulation 117)

Mr Peng Weile (Leo) and Mr Boye Kobaek Hartmann, 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.

# CORPORATE GOVERNANCE AND RISK MANAGEMENT

## 1. BOARD MATTERS (CONTINUED)

### 1.4 BOARD MEMBERSHIP (CONTINUED)

#### Multiple Directorships

The NC has reviewed the contribution by each Director taking into account their listed company board representations and other principal commitments. The NC has considered and taken the view that it would not be appropriate to set a limit on the number of listed company directorships that a Director may hold because Directors have different capabilities, the nature of the organisations in which they hold appointments and the kind of committees on which they serve are of different complexities, and accordingly, each Director would personally determine the demands of his competing directorships and obligations and assess the number of directorships they could hold and serve effectively. In any case, the NC notes that none of the Directors hold five or more listed company directorships. Notwithstanding the number of listed company board representations and other principal commitments which some of the Directors are holding, the NC having reviewed each Director's attendance, participation and contribution is of the view that sufficient time and attention to the affairs of the Company has been given by these Directors and is satisfied that all Directors have discharged their duties adequately for FY2020.

#### Alternate Directors

There are no alternate Directors appointed.

### 1.5 BOARD PERFORMANCE

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

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

Each Director will assess the Board's performance as a whole and provide the feedback to the NC. A similar evaluation process is also conducted by each member of the Board Committees and the Board Committee members will evaluate the relevant Board Committee and provide feedback to the NC. In reviewing the Board's effectiveness as a whole and the Board Committees, the NC will take into account the feedback from Board and Board Committee members as well as the Director's individual skills and experience. The annual evaluation process facilitates consideration by the Board of its membership, including renewal considerations. The results of the evaluation exercise will be considered by the NC, and a summary report will be compiled, with a view to implementing certain recommendations to further enhance the effectiveness of the Board's oversight of the Group.

The contribution of each individual Director to the effectiveness of the Board and Board Committee is assessed individually and reviewed by the NC. In assessing an individual Director's and Board Committee's performance, factors that are to be taken into consideration include attendance at Board meetings and related activities, adequacy of preparing for board meetings, contributions in specialist areas, generation of constructive ideas, and maintenance of independence.

# CORPORATE GOVERNANCE AND RISK MANAGEMENT

## 1. BOARD MATTERS (CONTINUED)

### 1.5 BOARD PERFORMANCE (CONTINUED)

The NC, having reviewed the overall performance of the Board and the Board Committees in terms of its roles and responsibilities and the conduct of its affairs as a whole, and each individual Director's performance, is of the view that the performance of the Board and each individual Director has been satisfactory for FY2020. 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.

## 2. REMUNERATION MATTERS

### 2.1 PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

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

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

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

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

- (a) To recommend to the Board a framework for remuneration for the Directors and key management personnel 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.

The RC reviews all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, benefits in kind and termination payments, and submits its recommendations to the Board for endorsement. The RC also reviews any obligation on the part of the Company in the event of termination of executive directors' or key management personnel's contract of service, to ensure that such contracts contain fair and reasonable termination clauses. In undertaking such review and recommendation, the RC aims to be fair and avoids rewarding poor performance. 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 AND RISK MANAGEMENT

## 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 FY2020, the RC did not require the services of an external remuneration consultant.

### 2.2 LEVEL AND MIX OF REMUNERATION

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

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

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

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

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

# CORPORATE GOVERNANCE AND RISK MANAGEMENT

## 2. REMUNERATION MATTERS (CONTINUED)

### 2.3 DISCLOSURE ON REMUNERATION

**Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.**

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

#### Details of remuneration of Directors

The breakdown of remuneration paid to or accrued to each Director for FY2020 is as follows:

Remuneration Band and Name of Director	Director Fees % <sup>(1)</sup>	Salary %	Bonus %	Total %	Total S\$ ('000)
<b><i>Above S\$250,000 but below S\$500,000</i></b>					
Peng Weile (Leo)	–	88	12	100	*
<b><i>Below S\$250,000</i></b>					
Boye Kobaek Hartmann <sup>(2)</sup>	–	100	–	100	*
Peng Fei (George)	100	–	–	100	42.5
Chin Sin Beng	100	–	–	100	45.0
Azman Hisham bin Ja'afar	100	–	–	100	47.5

**Notes:**

(1) The Directors' fees were approved at the Company's Annual General Meeting held on 29 June 2020.

(2) Mr. Boye Kobaek Hartmann was appointed as Executive Director of the Company on 1 July 2020.

# CORPORATE GOVERNANCE AND RISK MANAGEMENT

## 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 FY2020 is as follows:

Key Executives	Salary %	Bonus %	Total %
<b><i>Above S\$250,000 but below S\$500,000</i></b>			
Dr. Shreeram Subramaniam Iyer <sup>(1)</sup>	100	–	100
<b><i>Below S\$250,000</i></b>			
Cheong Yee Yang	92.8	7.2	100
Cheong Wenjie <sup>(2)</sup>	100	–	100
Qiao Zhenni <sup>(3)</sup>	100	–	100
Xing Yue Sheng	100	–	100
Wu Li Wei	100	–	100
Pranal Gore <sup>(4)</sup>	100	–	100

**Notes:–**

- (1) Dr. Shreeram Subramaniam Iyer was appointed as Director of Prisma Technologies Pte. Ltd. on 3 October 2019 and only commenced drawing remuneration from 1 February 2020.
- (2) Mr. Cheong Wenjie was appointed as Chief Financial Officer of the Company on 1 July 2020, and resigned on 2 November 2020.
- (3) Ms. Qiao Zhenni resigned as Head of Legal of Tianjin WFOE on 31 December 2020.
- (4) Mr. Pranal Gore was appointed as Lead project manager of Prisma Technologies Pte. Ltd. on 1 February 2020.

The aggregate total remuneration paid to the top 7 key executive personnel (who are not Directors or the CEO) for FY2020 is approximately RMB3,059,000,

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

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

There is no employee of the Group who is an immediate family member of a Director or the CEO whose remuneration exceeded S\$100,000 for FY2020.

#### Details of Employee Share Scheme

The Company does not currently have employee share schemes implemented.

# CORPORATE GOVERNANCE AND RISK MANAGEMENT

## 3. ACCOUNTABILITY AND AUDIT

### 3.1 RISK MANAGEMENT AND INTERNAL CONTROLS

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

The Board is responsible for the governance of risk, including determining the nature and extent of the significant risks which the company is willing to take. The Board oversees the company's risk management framework and policies, and ensures that Management maintains a sound system of internal controls and risk management practices for good corporate governance within the Group to safeguard shareholders' interests and the Group's assets, and to manage risks. In this regard, the Board:

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

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

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

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

For FY2020, 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.

# CORPORATE GOVERNANCE AND RISK MANAGEMENT

## 3. ACCOUNTABILITY AND AUDIT (CONTINUED)

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

Based on the internal controls established and maintained by the Group including the ERM, work performed by the internal and external auditors and reviews performed by Management, various Board committees and the Board, in accordance with Rule 1207(10) and Rule 719(1) of the Listing Manual, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls, addressing financial, operational, compliance, information technology controls and risk management system, were adequate and effective for FY2020.

### 3.2 AUDIT COMMITTEE

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

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

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

None of the AC members were former partners or directors of the Company's external auditor within the last two years or hold any financial interest in the external auditor. At least two members, including the AC Chairman, have recent and relevant accounting or related financial management expertise or experience.

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

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

- (a) To review the scope and results of the audit and its cost effectiveness;
- (b) To review significant financial reporting issues and judgements so as to ensure integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance;
- (c) To review the quarterly, half-yearly and full year financial results before submission to the Board for approval;
- (d) To review the assistance and co-operation given by Management and the officers of the Group to the auditors;
- (e) To review the internal audit programme and ensure co-ordination between the internal auditors and independent auditors and Management;
- (f) To review the scope and results of the internal audit procedures and the internal auditors' report;
- (g) To discuss problems and concerns, if any, arising from audits, and any matters which the auditors may wish to discuss (in the absence of management, where necessary);

# CORPORATE GOVERNANCE AND RISK MANAGEMENT

## 3. ACCOUNTABILITY AND AUDIT (CONTINUED)

### 3.2 AUDIT COMMITTEE (CONTINUED)

- (h) To review and approve interested person transaction (if any) falling within the scope of Chapter 9 of the Listing Manual, and to ensure that they are carried out on normal commercial terms and in accordance with the internal control procedures;
- (i) To review potential conflicts of interests, if any;
- (j) To review the independence and objectivity of the independent auditors annually;
- (k) To undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of AC;
- (l) To undertake such other functions and duties as may be required by statute or the Listing Manual, and by such amendments made thereto from time to time;
- (m) To make recommendations to the Board on the appointment, re-appointment and removal of the independent auditors, and approving the remuneration and terms of engagement of the independent auditors; and
- (n) To review the adequacy of the Company's internal financial controls, operational and compliance controls, and risk management policies and systems established by the management.

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

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

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

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

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



# CORPORATE GOVERNANCE AND RISK MANAGEMENT

## 3. ACCOUNTABILITY AND AUDIT (CONTINUED)

### 3.2 AUDIT COMMITTEE (CONTINUED)

#### Internal Audit Function

The Board recognises the importance of maintaining an internal audit function to provide an independent assurance over the soundness of the system of internal controls within the Group to safeguard shareholders' investments and the Company's assets. The internal audit function of the Group was carried out by BDO Advisory Pte Ltd. The internal audit work to be carried out based on BDO methodology which references to the International Standards for Professional Practice of Internal Auditing (IIA Standards) laid down in the International Professional Practices Framework issued by the IIA. The AC is in the view that the Internal Auditor is adequately resourced, including having the appropriate personnel with relevant experience and qualification to perform the assignments for the company. The internal audit function has unfettered access to all the Company's records, documents, properties and personnel, including the AC, and has appropriate standing within the Company. The primary reporting line of the internal audit function is also to the AC. The AC has the responsibility to review the adequacy of the internal audit function annually, review the internal audit program and ensure co-ordination between the internal auditors, independent auditors and Management. The AC ensures that the internal auditors meets or exceeds the standards set by nationally or internationally recognised professional bodies, and also decides on the appointment, termination and remuneration of the internal auditors. The AC reviews the internal audit plan to ensure the scope is adequate. The internal audit plan for FY2020 was reviewed and approved by the AC.

The AC will meet with the Internal Auditors at least once a year to discuss their findings on the Group's observance of internal control measures that are in place. The last meeting with the internal auditors was held in 25 February 2021.

#### External Auditors

The Company confirms that the appointment of the external and independent auditors, Messrs Nexia TS Public Accounting Corporation ("**Nexia**"), an accounting firm registered with the Accounting and Corporate Regulatory Authority, is in accordance with Rule 712 and 715 of the Listing Manual. Nexia prepares an audit plan for the group on an annual basis and presents such audit plan to the AC for its review and concurrence. The AC has reviewed and noted that there were no non-audit services provided to the Group by the independent auditors. The AC had recommended the re-appointment of Nexia as independent auditors at the forthcoming AGM. The AC is satisfied that Nexia and the audit engagement team assigned to the audit have adequate resources and experience to meet its obligations. The fees paid/payable to Nexia, the independent auditors, for FY2020 was approximately S\$64,000.

#### Whistle Blowing Policy

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

There were no reported incidents pertaining to whistle-blowing during FY2020 and until the date of this Annual Report.

# CORPORATE GOVERNANCE AND RISK MANAGEMENT

## 4. SHAREHOLDERS RIGHTS AND ENGAGEMENT

### 4.1 SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

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

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

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

A general meeting 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. At general 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. If any resolutions had to be inter-conditional, the Company would explain the reasons and material implications in the notice of meeting. General meeting procedures allow shareholders to raise questions relating to each resolution tabled for approval, and to participate, engage and openly communicate with the Board and Board Committees their views on matters relating to the Company.

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 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 proxies to allow such shareholders who hold shares through such corporations to attend and participate in general meetings as proxies.

The Company prepares minutes of general meetings which incorporate substantial and relevant comments or queries from shareholders, and responses from Board and Management, and publishes these on its corporate website.

# CORPORATE GOVERNANCE AND RISK MANAGEMENT

## 4. SHAREHOLDERS RIGHTS AND ENGAGEMENT (CONTINUED)

### 4.1 SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL 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 external auditors will also be present to address queries by shareholders about the conduct of audit and the preparation and content of the auditors' report. 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.

In light of the COVID-19 pandemic, the Company's upcoming Annual General Meeting ("AGM") will be held via electronic means. Shareholders will not be able to attend the AGM in person, but they may observe the proceedings of the AGM by audio or audio-visual means. Shareholders may appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM. Shareholders may submit questions relating to the business of the meeting in advance. Please refer to the notice of AGM and announcement dated 12 April 2021 for further information.

### 4.2 ENGAGEMENT WITH SHAREHOLDERS

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

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

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

The Company 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.

# CORPORATE GOVERNANCE AND RISK MANAGEMENT

## 4. SHAREHOLDERS RIGHTS AND ENGAGEMENT (CONTINUED)

### 4.2 ENGAGEMENT WITH SHAREHOLDERS (CONTINUED)

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 expressly discloses the reasons together with the announcement of the financial statements.

Further, if investors have any questions from time to time, they are always welcome to send their queries to the address provided on the corporate website – [contact@foriseinternational.com](mailto:contact@foriseinternational.com).

## 5. MANAGING STAKEHOLDER RELATIONSHIPS

### 5.1 ENGAGEMENT WITH STAKEHOLDERS

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

The Company takes a pragmatic approach towards the needs and interests of key stakeholders, taking into consideration the best interests of the Company and to support its long-term strategy.

Pertinent information is regularly conveyed to the Shareholders through SGXNet. The corporate website ([www.foriseinternational.com](http://www.foriseinternational.com)) is maintained to communicate and engage with stakeholders. Stakeholders may also send their queries to the address provided on the corporate website – "contact@foriseinternational.com".

The Group's strategy and key areas of focus in managing stakeholder relationships can be found in the Sustainability Report.

## ADDITIONAL INFORMATION

### 6. MATERIAL CONTRACTS

Save as disclosed in paragraph 8 entitled Interested Party Transactions, there were no material contracts entered into by the Company or its subsidiaries involving the interests of the CEO, Directors or controlling shareholders, which are either still subsisting at the end of FY2020 or if not then subsisting, entered into since the end of the previous financial year.

### 7. DEALINGS IN SECURITIES

The Company has adopted a policy on dealings in securities in accordance with Rule 1207(19) of the Listing Manual, which prohibits dealings in the Company's securities by Directors, key management personnel and employees of the Group and their connected persons from dealing in the Company's shares of the Company within certain trading periods, being the period beginning one month before the date of the announcement of the half-year and full year results and ending on the date of the announcement of the relevant results. The Company is not required to, and does not announce quarterly financial statements.

# CORPORATE GOVERNANCE AND RISK MANAGEMENT

## 7. DEALINGS IN SECURITIES (CONTINUED)

In addition, the officers of the Company are reminded (i) not to deal with the Company's securities for on 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.

The Company confirms that it and its officers have not dealt in the Company's securities during the blackout period as stipulated above.

## 8. INTERESTED PERSON TRANSACTIONS

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

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

There were no interested person transactions for the year ended 31 December 2020.

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2020 and the balance sheet of the Company as at 31 December 2020.

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 52 to 109 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 2020 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

## Directors

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

Mr Peng Fei  
 Mr Peng Weile  
 Mr Azman Hisham Bin Ja'afar  
 Mr Chin Sin Beng  
 Mr Boye Kobaek Hartmann (appointed on 1 July 2020)

## 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.

## 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.

## 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 2020

## Audit committee

The Audit Committee comprises the following Directors:

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

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

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. In performing those functions, the Audit Committee reviewed:

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendation on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2020 before their submission to the Board of Directors.

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

## Independent auditor

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

On behalf of the directors

**Peng Weile**  
Director

**Azman Hisham Bin Ja'afar**  
Director

**5 April 2021**

# 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 2020, 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 52 to 109.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 December 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

### *Basis for Opinion*

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

### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 December 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Revenue recognition

#### *Area of focus*

For the financial year ended 31 December 2020, the Group's revenue amounted to RMB10.8 million. Revenue is recognised in the accounting period in which the services are rendered.

We focused on this area because revenue is one of the largest element in the financial statements and revenue recognition has been identified as a significant risk in accordance with SSA 315 (revised) and because of judgments used in SFRS(I) 15 – Revenue from Contracts with Customers. The revenue recognition varies depending on the terms and conditions of the contracts which requires management's judgement to identify the point of revenue recognition which would have a significant impact on the results of the Group. Hence, we considered this as a key area of focus in our audit.

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

# 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 (continued)

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

In obtaining sufficient audit evidence, we:

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

#### Assessment of expected credit losses on advances to a related party and trade receivables

##### *Area of focus*

As at 31 December 2020, advances to a related party and trade receivables amounted to RMB7.6 million and RMB6.0 million respectively, which represented 42% and 33% of the Group's total assets respectively.

The basis of the loss allowance for the advances to a related party and trade receivables represent the management's best estimates at the balance sheet date of expected credit losses ("ECL") under *SFRS(I) 9 Financial Instruments* expected credit losses models.

Management have assessed whether the credit risks of advances to a related party and trade receivables have increased significantly since their initial recognition, and applied the three-stage impairment approach for advances to a related party and simplified approach for trade receivables to calculate their ECL. Management also assessed loss allowance using the risk parameter modelling approach that incorporates key parameters, including probability of default and estimation of the cash flows from the advances to a related party and trade receivables.

In view of the circumstances surrounding the outbreak of the coronavirus ("COVID-19") pandemic situation which remains very fluid, where there are many challenges and uncertainties which may create further potential credit losses, management had applied significant judgments and assumptions in assessing the adequacy of ECL. Hence, due to its nature and significance, we considered this as a key area of focus in our audit.

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

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FORISE INTERNATIONAL LIMITED

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

### *Key Audit Matters (continued)*

#### Assessment of expected credit losses on advances to a related party and trade receivables (continued)

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

In obtaining sufficient audit evidence, we:

- understood and evaluated the effectiveness of management's process and controls over the recoverability of advances to a related party and trade receivables (including management's procedures on monitoring of debts collections); and
- reviewed the aging analysis and subsequent receipts as part of our testing to support the adequacy of allowance of expected credit loss of advances to a related party and trade receivables.

### *Other Information*

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

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

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

### *Responsibilities of Management and Directors for the Financial Statements*

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

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

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

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FORISE INTERNATIONAL LIMITED

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

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

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

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

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

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FORISE INTERNATIONAL LIMITED

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

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

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

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

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

## Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporation incorporated in Singapore of which we are the auditors 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**

**5 April 2021**



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	2020 RMB'000	2019 RMB'000
<b>Continuing operations</b>			
Revenue	4	10,806	3,553
Other income	5	681	1,317
Other (losses)/gains, net			
– Impairment loss on financial assets	26(b)(iv)	–	(19,293)
– Others	6	(444)	373
Expenses			
– Amortisation of right-of-use asset	13	(890)	(1,357)
– Allowance for impairment of investment in an associated company	18	–	(1,200)
– Allowance for impairment of investment in a joint venture	19	–	(2,565)
– Consultancy charges		(646)	(596)
– Depreciation	20	(5)	(13)
– Directors' fee	27(b)	(675)	(689)
– Employee compensation	7	(6,341)	(4,088)
– Interest expense for lease liability	14(c)	(18)	(87)
– Professional fees		(2,004)	(1,106)
– Rental on operating leases	14(d)	(187)	(440)
– Finance – bank charges		(8)	(18)
– Other operating expenses		(867)	(1,045)
Total expenses		(11,641)	(13,204)
Share of loss of an associated company	18	(788)	(4)
Share of loss of a joint venture	19	(15)	(27)
Loss before income tax		(1,401)	(27,285)
Income tax (expense)/credit	8	(416)	3
Loss from continuing operations		(1,817)	(27,282)
<b>Discontinued operations</b>			
Loss from discontinued operations, net of tax	9	–	(104)
<b>Total loss</b>		<b>(1,817)</b>	<b>(27,386)</b>
<b>Other comprehensive (loss)/income:</b>			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation			
– (Loss)/gains	24	(101)	1
Items that will not be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation			
– Loss		(100)	–
<b>Other comprehensive (loss)/income, net of tax</b>		<b>(201)</b>	<b>1</b>
<b>Total comprehensive loss</b>		<b>(2,018)</b>	<b>(27,385)</b>

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

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	2020 RMB'000	2019 RMB'000
<b>(Loss)/profit attributable to:</b>			
– Equity holders of the Company		(3,429)	(27,595)
– Non-controlling interests	17	1,612	209
		<b>(1,817)</b>	<b>(27,386)</b>
<b>Loss attributable to equity holders of the Company related to:</b>			
– Loss from continuing operations		(3,429)	(27,491)
– Loss from discontinued operations		–	(104)
		<b>(3,429)</b>	<b>(27,595)</b>
<b>Total comprehensive (loss)/income attributable to:</b>			
– Equity holders of the Company		(3,530)	(27,594)
– Non-controlling interests		1,512	209
		<b>(2,018)</b>	<b>(27,385)</b>
<b>Losses per share from continuing and discontinued operations attributable to equity holders of the Company (RMB cents per share)</b>			
– Basic losses per share			
– Continuing operations	10	(0.30)	(2.44)
– Discontinued operations	10	–	(0.01)
– Diluted losses per share			
– Continuing operations	10	(0.30)	(2.44)
– Discontinued operations	10	–	(0.01)

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

# CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2020

		Group	
	Note	2020 RMB'000	2019 RMB'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	11	4,409	6,348
Trade and other receivables	12	13,833	11,890
Right-of-use asset	13	–	890
Other current assets	16	81	414
		<b>18,323</b>	19,542
<b>Non-current assets</b>			
Investment in an associated company	18	–	788
Investment in a joint venture	19	–	612
Property, plant and equipment	20	–	5
		<b>–</b>	1,405
<b>Total assets</b>		<b>18,323</b>	20,947
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	21	1,473	1,542
Lease liability	22	–	914
Current income tax liabilities		409	32
<b>Total liabilities</b>		<b>1,882</b>	2,488
<b>NET ASSETS</b>		<b>16,441</b>	18,459
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders of the Company</b>			
Share capital	23	145,320	145,320
Currency translation reserve	24	(100)	1
Accumulated losses		(130,503)	(127,074)
		<b>14,717</b>	18,247
Non-controlling interests	17	1,724	212
<b>TOTAL EQUITY</b>		<b>16,441</b>	18,459

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

**BALANCE SHEET - COMPANY**

AS AT 31 DECEMBER 2020

		Company	
	Note	2020 RMB'000	2019 RMB'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	11	39	3,559
Trade and other receivables	12	14,795	12,484
Right-of-use asset	13	–	890
Other current assets	16	41	370
		14,875	17,303
<b>Non-current assets</b>			
Investments in subsidiary corporations	17	3	926
Investment in a joint venture	19	–	612
Property, plant and equipment	20	–	5
		3	1,543
<b>Total assets</b>		14,878	18,846
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	21	689	360
Lease liability	22	–	914
<b>Total liabilities</b>		689	1,274
<b>NET ASSETS</b>		14,189	17,572
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders of the Company</b>			
Share capital	23	145,320	145,320
Accumulated losses	25	(131,131)	(127,748)
<b>TOTAL EQUITY</b>		14,189	17,572

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Attributable to equity holders of the Company				
		Share capital	Currency translation reserve	Accumulated losses	Total equity	Non-controlling interest
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>2020</b>						
<b>At 1 January 2020</b>		145,320	1	(127,074)	18,247	212
<b>Total comprehensive (loss)/income for the financial year:</b>						
(Loss)/income for the financial year		–	–	(3,429)	(3,429)	1,612
Other comprehensive loss:						
– Foreign currency translation differences	24	–	(101)	–	(101)	(100)
<b>Total comprehensive loss for the financial year</b>		<b>–</b>	<b>(101)</b>	<b>(3,429)</b>	<b>(3,530)</b>	<b>1,512</b>
<b>At 31 December 2020</b>		<b>145,320</b>	<b>(100)</b>	<b>(130,503)</b>	<b>14,717</b>	<b>1,724</b>
<b>2019</b>						
<b>At 1 January 2019</b>		145,320	–	(99,479)	45,841	–
(Loss)/income for the financial year		–		(27,595)	(27,595)	209
Other comprehensive income:						
– Foreign currency translation differences	24	–	1	–	1	–
<b>Total comprehensive income for the financial year</b>		<b>–</b>	<b>1</b>	<b>(27,595)</b>	<b>(27,594)</b>	<b>209</b>
Transactions with owners, recognised directly in equity:						
– Issuance of shares to non-controlling interests	17(a)	–	–	–	–	3
<b>At 31 December 2019</b>		<b>145,320</b>	<b>1</b>	<b>(127,074)</b>	<b>18,247</b>	<b>212</b>

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	2020 RMB'000	2019 RMB'000
<b>Cash flows from operating activities</b>			
Total loss		(1,817)	(27,386)
Adjustments for:			
– Income tax expense/(credit)	8	416	(3)
– Depreciation	20	5	13
– Amortisation of right-of-use asset	13	890	1,357
– Interest expense for lease liability	14(c)	18	87
– Interest income		(67)	(276)
– Impairment loss on financial assets	26(b)(iv)	–	19,293
– Allowance for impairment of investment in an associated company	18	–	1,200
– Allowance for impairment of investment in a joint venture	19	–	2,565
– Unrealised currency translation losses		(224)	–
– Rent concessions	5	(106)	–
– Gain on disposal of investment in subsidiary corporations	5	–	(6)
– Gain on disposal of investment in a joint venture	6	(449)	–
– Share of loss of an associated company	18	788	4
– Share of loss of a joint venture	19	15	27
		(531)	(3,125)
Change in working capital			
– Trade and other receivables		(1,943)	(12,877)
– Other current assets		333	215
– Trade and other payables		(85)	261
Cash used in operations		(2,226)	(15,526)
Interest received		67	273
Income tax paid		–	(46)
<b>Net cash used in operating activities</b>		<b>(2,159)</b>	<b>(15,299)</b>
<b>Cash flows from investing activities</b>			
Net proceeds from disposal of joint venture		1,046	–
Interest received on loan from associated company		–	16
Repayment of loan from associated company		–	860
<b>Net cash provided by investing activities</b>		<b>1,046</b>	<b>876</b>
<b>Cash flows from financing activities</b>			
Principal payment of lease liability		(808)	(1,333)
Interest expense for lease liability		(18)	(87)
<b>Net cash used in financing activities</b>		<b>(826)</b>	<b>(1,420)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(1,939)</b>	<b>(15,843)</b>
<b>Cash and cash equivalents</b>			
Beginning of financial year		6,348	22,191
<b>End of financial year</b>	11	<b>4,409</b>	<b>6,348</b>

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

		Non-cash changes			
	1 January 2020 RMB'000	Principal and interest payments RMB'000	Rent concessions RMB'000	Interest expense RMB'000	31 December 2020 RMB'000
Lease liability	914	(826)	(106)	18	–

		Non-cash changes			
	1 January 2019 RMB'000	Principal and interest payments RMB'000	Interest expense RMB'000		31 December 2019 RMB'000
Lease liability	2,247	(1,420)	87		914

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



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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 2020 were authorised for issue in accordance with a resolution of the directors on 5 April 2021.

## 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 and principal place of business is 3 Temasek Avenue, #34-42B Centennial Tower, Singapore 039190.

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

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

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

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

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

#### Early adoption of amendment to SFRS(I) 16 – Leases

The Group has elected to early adopt the amendments to SFRS(I) 16 which introduced a practical expedient for a lessee to elect not to assess whether a rent concession is a lease modification, if all the following conditions are met:

- (a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- (c) there is no substantive change to other terms and conditions of the lease.

The Group has elected to apply this practical expedient to its office lease. As a result of applying the practical expedient, rent concession of RMB106,000 (Note 5) was recognised as other income in the profit or loss during the financial year.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.1 Basis of preparation (continued)

#### Impact of COVID-19

The COVID-19 pandemic has affected almost all countries of the world, and resulted in border closures, production stoppages, workplace closures, movement controls and other measures imposed by the various governments. The Group's significant operations are in the People's Republic of China ("PRC") and India, all of which have been affected by the spread of COVID-19 in 2020.

Set out below is the impact of COVID-19 on the Group's financial performance reflected in this set of financial statements for the year ended 31 December 2020:

- i) The Group has assessed that the going concern basis of preparation for this set of financial statements remains appropriate.
- ii) In 2020, border and workplace closures have resulted in periods where the Group's operations were temporarily suspended to adhere to the respective governments' movement control measures. These have impacted business operations in 2020.
- iii) In 2020, the Group has received rental rebates for its leased office. The effects of such rental concession received are disclosed in Note 5 to the financial statements.
- iv) The Group has considered the market conditions (including the impact of COVID-19) as at the balance sheet date, in making estimates and judgements on the recoverability of assets as at 31 December 2020. The significant estimates and judgement applied on impairment of trade receivables and advances to a related party are disclosed in Note 3 to the financial statements.
- v) In 2020, the Group has received government grants relating to the Jobs Support Scheme ("JSS"), which is a financial assistance scheme introduced by the Singapore Government to help employers retain their local employees during the COVID-19 pandemic period with economic uncertainty. The effects of such grants received are disclosed in Note 5 to the financial statements.
- vi) As the global COVID-19 situation remains very fluid as at the date these financial statements were authorised for issuance, the Group cannot reasonably ascertain the full extent of the probable impact of the COVID-19 disruptions on its operating and financial performance for the financial year ending 31 December 2021. If the situation persists beyond management's current expectations, the Group's assets may be subject to further write downs in the subsequent financial periods.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.1 Basis of preparation (continued)

#### Interpretations and amendments to published standards effective in 2020

On 1 January 2020, the Group has adopted the following new or amended SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

Amendments to:

- SFRS(I) 1-1 Presentation of Financial Statements and SFRS(I) 1-8 Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Material)
- SFRS(I) 3 Business Combinations (Definition of a Business)
- SFRS(I) 9 Financial Instruments, SFRS(I) 1-39 Financial Instruments: Recognition and Measurement and SFRS(I) 7 Financial Instruments: Disclosures (Interest Rate Benchmark Reform)
- Conceptual Framework for Financial Reporting

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

### 2.2 Group accounting

#### (a) *Subsidiary corporations*

##### (i) *Consolidation*

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

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Group accounting (continued)

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

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

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

##### (ii) *Acquisition*

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

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

Acquisition-related costs are expensed as incurred.

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Group accounting (continued)

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

##### (ii) *Disposals*

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

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

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

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

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

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

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

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

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

##### (i) *Acquisitions*

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Group accounting (continued)

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

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

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share of its associated companies' or joint ventures' post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the associated companies or joint ventures are recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in an associated company or joint venture equals to or 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.

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

##### (iii) *Disposals*

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 Revenue recognition

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

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

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

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

Revenue from management consultancy service is recognised when the performance obligation as stipulated in the contract is satisfied over time based on stage of services completed as agreed and certified by the customers.

#### (c) *Interest income*

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

#### (d) *Rental income*

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

### 2.4 Property, plant and equipment

#### (a) *Measurement*

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

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

#### (b) *Depreciation*

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

	Useful lives
Furniture and fitting and office equipment	3-5 years



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

#### (b) Depreciation (continued)

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

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

#### (c) Subsequent expenditure

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

#### (d) Disposal

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

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

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

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

### 2.6 Impairment of non-financial assets

#### *Property, plant and equipment*

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

### 2.7 Trade and other payables

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

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

### 2.8 Financial assets

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

The Group classifies its financial assets at amortised cost.

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.

#### 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.8 Financial assets (continued)

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

##### At subsequent measurement

##### *Debt instruments*

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

The Group managed the financial assets by collecting the contractual cash flow and this cash flows represent solely payment of principal and interest. Accordingly, the financial assets are measured at amortised cost subsequent to initial recognition.

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.

#### (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 26(b) details how the Group determines whether there has been a significant increase in credit risk.

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

#### (c) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.9 Employee compensation

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

#### (a) *Defined contribution plans*

##### Singapore

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

##### PRC

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

#### (b) *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.

#### (c) *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 2020

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.10 Leases

- (i) When the Group is the lessee:

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

- Right-of-use assets

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

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

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

- Lease liabilities

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

Lease payments include the following:

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.10 Leases (continued)

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

- Lease liabilities (continued)

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

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

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

- Short term and low value leases

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

#### (ii) When the Group is the lessor:

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.10 Leases (continued)

- (ii) When the Group is the lessor: (continued)

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

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

### 2.11 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situation in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate, on the basis of amounts expected to be paid to the tax authorities.

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

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

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

Deferred income tax is measured:

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



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.12 Provisions

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

### 2.13 Currency translation

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

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

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.13 Currency translation (continued)

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

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

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

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

### 2.14 Cash and cash equivalents

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

### 2.15 Share capital

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

### 2.16 Dividends to Company's shareholders

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

### 2.17 Segment reporting

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.18 Government grant

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

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

### 2.19 Discontinued operations

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

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

## 3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Areas involving a higher degree of judgement or complexity, or area where estimates and assumptions are significant to the financial statements are disclosed below.

### Corporate advisory contracts and management consultancy contracts

The Group recognises revenue from corporate advisory contracts and management consultancy contracts when the outcome of a transaction involving the rendering of services can be estimated reliably. Significant judgement and estimate is required in determining the method and amount of revenue to recognise. Specifically, arrangements may require contract interpretation to determine appropriate accounting, including whether promised goods and services in an arrangement are distinct performance obligations and should be accounted for separately. Other judgements include determining whether performance obligations are satisfied over time or at a point in time.

#### *Corporate advisory contracts*

Corporate advisory contracts consist of a single performance obligation which is recognised at a point in time upon on the lodgement of the funds with the authority by the customers in accordance with the investment plans advised by the Group, or when the customers provide a written acknowledgement confirming the services has been rendered.

#### *Management consultancy contracts*

Management consultancy contracts consist of a single performance obligation, which is recognised over time as control is transferred continuously to customers. Typically, revenue is recognised over time using an input measure of time expended to date relative to total estimated time to be incurred at project completion. Incurred hours represent services rendered and thereby faithfully depicts the transfer of control to the customer. The measurement of progress towards completion is agreed and certified by the customers. 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 2020

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

### Expected credit losses (“ECLs”) on advances to a related party, loans to an associated company and trade receivables

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

The Group measured the loss allowance of advances to a related party, loans to an associated company and trade receivables using the three-stage impairment approach and the simplified approach respectively. A considerable amount of judgement is required in assessing the ECL which are determined by referencing to the Group’s historical observed default rates, customers’ ability to pay and adjusted with forward-looking information. During the financial year ended 31 December 2019, a loss allowance of RMB19,293,000 has been recognised for loans to an associated company [Note 26(b)(iv)]. As at 31 December 2020, no further loss allowances have been recognised for advances to a related party, loans to an associated company and trade receivables.

## 4 REVENUE

### Disaggregation of revenue from contracts with customers

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

	Group	
	2020 RMB'000	2019 RMB'000
<u>At a point in time</u>		
Corporate advisory services		
– PRC	1,078	2,210
<u>Over time</u>		
Management consultancy services		
– Singapore	9,394	1,343
– Denmark	155	–
– United Arab Emirates	179	–
	9,728	1,343
Total	10,806	3,553

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 5 OTHER INCOME

	Group	
	2020 RMB'000	2019 RMB'000
Interest income		
– Bank deposits	67	274
– Loans to an associated company	–	2
Rental income (Note 15)	216	377
Rent concessions <sup>(a)</sup>	106	–
Government grants		
– Job Support Scheme <sup>(b)</sup>	262	–
– Paid childcare leave	7	2
– Incentive from Tianjin Local Tax Authority <sup>(c)</sup>	–	656
Gain on disposal of investment in subsidiary corporations	–	6
Others	23	–
	<b>681</b>	<b>1,317</b>

(a) This relates to COVID-19 related rent concessions received from lessors to which the Group applied the practical expedient as disclosed in Note 2.1 to the financial statements.

(b) Job Support Scheme ("JSS") is a temporary scheme introduced in the Singapore Budget 2020 to help enterprises retain local employees. Under the JSS, employers will receive cash grants in relation to the gross monthly wages of eligible employees.

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

## 6 OTHER (LOSSES)/GAINS, NET

	Group	
	2020 RMB'000	2019 RMB'000
Gain on disposal of investment in a joint venture <sup>(a)</sup>	449	–
Currency exchange (losses)/gains, net	(893)	373
	<b>(444)</b>	<b>373</b>

(a) On 29 July 2020, the Company ("Seller") entered into a Sales and Purchase Agreement ("SPA") with a non-related party to dispose of its 40% shareholding interests in TNT Global Capital Pte Ltd ("TNT") for a sales consideration of approximately RMB1,110,000 (equivalent to SGD220,000). Consequently, the Group incurred professional fees of approximately RMB64,000 and recognised a gain on disposal of approximately RMB449,000 during the financial year.

## 7 EMPLOYEE COMPENSATION

	Group	
	2020 RMB'000	2019 RMB'000
Salaries and bonuses	5,705	3,178
Employer's contribution to defined contribution plans, including Central Provident Fund ("CPF")	338	668
Other short-term benefits	298	242
	<b>6,341</b>	<b>4,088</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 8 INCOME TAX EXPENSE/(CREDIT)

	Group	
	2020 RMB'000	2019 RMB'000
Tax expense/(credit) attributable to loss is made up of:		
– Loss for the financial year:		
From continuing operations		
Current income tax – PRC	–	(19)
Current income tax – Singapore	416	16
	416	(3)
Tax expense/(credit) is attributable to:		
– Continuing operations	416	(3)

Pursuant to relevant laws and regulations in PRC, subsidiary corporations in PRC are required to pay PRC enterprise income tax at a standard rate of 25% (2019: 25%).

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

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

	Group	
	2020 RMB'000	2019 RMB'000
Loss before income tax:		
– Continuing operations	(1,401)	(27,285)
– Discontinued operations (Note 9)	–	(104)
	(1,401)	(27,389)
Share of loss of associated company and joint venture, net of tax	803	31
Loss before tax and share of loss of associated company and joint venture	(598)	(27,358)

	Group	
	2020 RMB'000	2019 RMB'000
Tax calculated at tax rate of 25% (2019: 25%)	(150)	(6,840)
Effects of:		
– Different tax rates in other countries	873	569
– Statutory stepped income exemption	(130)	(58)
– Expenses not deductible for tax purposes	20	6,410
– Income not subject to tax	(122)	(84)
– Tax rebates	(75)	–
Tax charge/(credit)	416	(3)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 9 DISCONTINUED OPERATIONS

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

On 18 October 2019, the Company announced the liquidation and striking off of the Group's dormant and inactive subsidiary corporations, Forise Capital Management Company Limited (Forise Capital), a company incorporated in the British Virgin Island and Forise Global Strategy Investment SPC (Forise Global), a company incorporated in the Cayman Islands.

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

Forise Capital and Forise Global were presented separately on the comprehensive income as "Discontinued operations" for the financial year ended 31 December 2019.

The results of the discontinued operations are as follows:

	Group	
	2020 RMB'000	2019 RMB'000
Currency exchange losses	-	(3)
Expenses		
– Professional fees	-	(101)
Loss before income tax, representing loss for the financial year from discontinued operations	-	(104)

There was no impact of the discontinued operations on the cash flows of the Group for the financial years ended 31 December 2020 and 2019 respectively.

## 10 LOSSES PER SHARE

Basic losses per share are calculated by dividing the net 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 loss per share, 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.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 10 LOSSES PER SHARE (CONTINUED)

	Continuing operations	Group Discontinued operations	Total
<b>2020</b>			
Net loss attributable to equity holders of the Company (RMB'000)	(3,429)	–	(3,429)
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	1,126,223	–	1,126,223
Weighted average number of ordinary shares outstanding for diluted earnings per share ('000)	1,126,223	–	1,126,223
Basic loss per share (RMB cents)	(0.30)	–	(0.30)
Diluted loss per share (RMB cents)	(0.30)	–	(0.30)
	Continuing operations	Group Discontinued operations	Total
<b>2019</b>			
Net loss attributable to equity holders of the Company (RMB'000)	(27,491)	(104)	(27,595)
Weighted average number of ordinary shares outstanding for basic earnings per share ('000) <sup>(a)</sup>	1,126,223*	1,126,223*	1,126,223*
Weighted average number of ordinary shares outstanding for diluted earnings per share ('000) <sup>(a)</sup>	1,126,223*	1,126,223*	1,126,223*
Basic loss per share (RMB cents) <sup>(a)</sup>	(2.44)	(0.01)	(2.45)
Diluted loss per share (RMB cents) <sup>(a)</sup>	(2.44)	(0.01)	(2.45)

(a) The weighted average number of ordinary shares and earnings per share for the financial year ended 31 December 2019 have been adjusted retrospectively due to the completion of the share consolidation exercise on 9 July 2020.

## 11 CASH AND CASH EQUIVALENTS

	Group		Company	
	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000
Cash at bank and on hand	3,139	3,618	39	3,559
Short-term bank deposits	1,270	2,730	–	–
	<b>4,409</b>	<b>6,348</b>	<b>39</b>	<b>3,559</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 12 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000
Trade receivables				
– Non-related parties	792	–	–	–
– Related party	5,233	1,346	–	–
	<b>6,025</b>	<b>1,346</b>	<b>–</b>	<b>–</b>
Non-trade receivables				
– Non-related parties	179	190	27	–
– Related party	7,629	10,354	–	–
– Subsidiary corporations	–	–	14,768	12,484
	<b>7,808</b>	<b>10,544</b>	<b>14,795</b>	<b>12,484</b>
Loans to an associated company	19,293	19,293	–	–
Less: Loss allowance [Note 26(b)(iv)]	(19,293)	(19,293)	–	–
	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
	<b>13,833</b>	<b>11,890</b>	<b>14,795</b>	<b>12,484</b>

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

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

## 13 RIGHT-OF-USE ASSET

	2020 RMB'000	2019 RMB'000
<b>Group and Company</b>		
<b>Leasehold office</b>		
<b>Cost</b>		
Beginning of financial year	2,247	–
Adoption of SFRS(I) 16	–	2,247
Disposal	(2,247)	–
End of financial year	<b>–</b>	<b>2,247</b>
<b>Accumulated amortisation</b>		
Beginning of financial year	1,357	–
Amortisation charge	890	1,357
Disposal	(2,247)	–
End of financial year	<b>–</b>	<b>1,357</b>
<b>Net book value</b>		
End of financial year	<b>–</b>	<b>890</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 14 LEASES – THE GROUP AS A LESSEE

### Nature of the Group's leasing activities

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

- (a) Carrying amounts of ROU asset

	Group	
	2020 RMB'000	2019 RMB'000
Leasehold office	–	890

- (b) Amortisation charge during the financial year

	2020 RMB'000	2019 RMB'000
Leasehold office	890	1,357

- (c) Interest expense

	2020 RMB'000	2019 RMB'000
Interest expense for lease liability	18	87

- (d) Lease expense not capitalised in lease liabilities

	2020 RMB'000	2019 RMB'000
Lease expense – short-term leases	187	395
Lease expense – low-value leases	–	45
Total	187	440

- (e) Total income from subleasing ROU asset in 2020 was RMB216,000 (2019: RMB377,000).

- (f) Total cash outflow for all leases in 2020 was RMB1,101,000 (2019: RMB1,860,000).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 15 LEASES – THE GROUP AS A LESSOR

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

*Sublease – classified as operating lease*

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

Income from subleasing the office spaces recognised during the financial year ended 2020 was RMB216,000 (2019: RMB377,000) (Note 5).

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

	2020 RMB'000	2019 RMB'000
Not later than one year, representing total undiscounted lease payment	–	289

## 16 OTHER CURRENT ASSETS

	Group		Company	
	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000
Refundable deposits	18	342	18	342
Prepayments	63	72	23	28
	81	414	41	370

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 17 INVESTMENTS IN SUBSIDIARY CORPORATIONS

	Company	
	2020 RMB'000	2019 RMB'000
<i>Equity investments at cost</i>		
<b>Beginning of financial year</b>	<b>1,262</b>	3,316
Addition <sup>(a)</sup>	–	3
Strike-off <sup>(b)</sup>	(336)	–
Disposal <sup>(c)</sup>	–	(2,057)
<b>End of financial year</b>	<b>926</b>	1,262
<i>Allowance for impairment</i>		
<b>Beginning of financial year</b>	<b>(336)</b>	(2,057)
Allowance charge <sup>(d)</sup>	(923)	(336)
Strike-off <sup>(b)</sup>	336	–
Disposal <sup>(c)</sup>	–	2,057
<b>End of financial year</b>	<b>(923)</b>	(336)
<i>Carrying amount</i>		
<b>End of financial year</b>	<b>3</b>	926

- (a) On 3 October 2019, the Company incorporated a subsidiary corporation, Prisma Technologies Pte. Ltd. ("Prisma Tech"), with a non-controlling shareholder. The paid-up capital of amounted to approximately RMB5,000 (equivalent to SGD 1,000). The Company holds 50.1% equity interests in Prisma Tech, and accordingly, the cost of investment of approximately RMB3,000 (equivalent to SGD 501) has been recognised during the financial year ended 31 December 2019.
- (b) On 12 February 2020, the Company has dissolved its wholly-owned subsidiary, Forise Capital Management Company Limited.
- (c) On 1 February 2019, the Company entered into a Sale and Purchase Agreement with All Garments Co. Limited to dispose of its entire interests in the garment trading group (Note 9). The effects of the disposal on the cash flows of the Group amounted to approximately RMB5 (equivalent to SGD 1). Carrying amounts of assets and liabilities as at the date of disposal have not been presented as management is of the view that they were immaterial.
- (d) As at 31 December 2020, the Company carried out a review on the recoverable amounts of its investments in subsidiary corporations. The management is of the view that the investment in Forise Management Limited is in a net liability position and the recoverable amount of the subsidiary is deemed as nil. Consequently, an impairment loss of RMB923,000 (2019: RMB336,000) has been recognised during the financial year ended 31 December 2020.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 17 INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

The Group had the following subsidiary corporations as at 31 December 2020 and 2019:

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	
			2020 %	2019 %	2020 %	2019 %
<u>Held by the Company</u>						
Forise Management Limited <sup>(c)</sup>	Investment holding	Hong Kong	100	100	–	–
Forise Capital Management Company Limited <sup>(d)</sup>	Provision of investment and other financial advisory services	British Virgin Islands	–	100	–	–
Prisma Technologies Pte Ltd <sup>(a)</sup>	Provision of management consultancy services	Singapore	50.1	50.1	49.9	49.9
<u>Held by Forise Management Limited</u>						
Tianjin Forise Corporation Management Consultancy Limited <sup>(b)</sup>	Provision of corporate advisory and management consulting services	The PRC	100	100	–	–
<u>Held by Forise Capital Management Limited</u>						
Forise Global Strategy Investment SPC <sup>(c)</sup>	Segregated portfolio company	Cayman Islands	–	100	–	–
<u>Held by Tianjin Forise Corporation Management Consultancy Limited</u>						
Tianjin Forise Corporation Management Consultancy Limited, Beijing Branch <sup>(b)</sup>	Provision of corporate advisory and management consulting services	The PRC	100	100	–	–

(a) Audited by Nexia TS Public Accounting Corporation, Singapore.

(b) Audited by Shanghai Nexia TS Certified Public Accountants. Reviewed by Nexia TS Public Accounting Corporation for consolidation purposes.

(c) Audited by SBC International, Hong Kong. Audit procedures performed for significant line items by Nexia TS Public Accounting Corporation, Singapore, for consolidation purposes. In accordance with Rule 716 of the SGX-ST Listing Rules, the Audit Committee and Board of Directors of the Company are of the opinion that the appointment of different auditors for its subsidiary would not compromise the standard and effectiveness of the audit of the Group and of the Company.

(d) The liquidation of the subsidiary corporation has been completed on 12 February 2020 (Note 9).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 17 INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

### Significant restrictions

Cash and short-term deposits of RMB1,346,000 (2019: RMB2,789,000) are held in the PRC and are subject to local exchange control regulations. These local exchange control regulations provide for restrictions on exporting capital from the country, other than through normal dividends.

*Carrying value of non-controlling interest*

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

2020 RMB'000	2019 RMB'000
1,724	212

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

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

#### Summarised balance sheet

	Prisma Technologies Pte. Ltd. 31 December	
	2020 RMB'000	2019 RMB'000
<b>Current</b>		
Assets	15,150	11,702
Liabilities	(11,696)	(11,277)
Total current net assets, representing net assets	3,454	425
<u>Summarised income statement</u>		
Revenue	9,728	1,343
Profit before income tax	3,646	436
Income tax expense	(416)	(16)
Post-tax profit from continuing operations, representing total comprehensive income	3,230	420
Total comprehensive income allocated to non-controlling interest	1,612	209
<u>Summarised cash flows</u>		
Net cash used in operating activities	(754)	(10,356)
Net cash provided by financing activities	2,724	10,356

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 18 INVESTMENT IN AN ASSOCIATED COMPANY

	Group	
	2020 RMB'000	2019 RMB'000
<b>Cost</b>		
Beginning of financial year	1,988	1,992
Share of loss of an associated company	(788)	(4)
End of financial year	1,200	1,988
<b>Allowance for impairment</b>		
Beginning of financial year	(1,200)	–
Allowance for impairment <sup>(a)</sup>	–	(1,200)
End of financial year	(1,200)	(1,200)
<b>Carrying amount</b>		
End of financial year	–	788

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

During the financial year ended 31 December 2020, the Group recognised its share of loss of the associated company up to its cost of investment, consequently, no further impairment has been recognised.

Set out below are the associated company of the Group as at 31 December 2020 and 2019. The associated company as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group; the country of incorporation is also their principal place of business.

Name of entity	Principal activities	Place of business country of incorporation	% of ownership interest	
			2020	2019
<u>Held by Tianjin Forise Corporation Management Consultancy Limited</u>				
Le Rong Corporation Management (Shenzen) Co., Ltd (f.k.a. Le Rong Financial Factoring Company Limited) (“Le Rong”)	Provision of commercial factoring services	The PRC	40	40

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

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



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 18 INVESTMENT IN AN ASSOCIATED COMPANY (CONTINUED)

### Summarised financial information of associated company

#### *Summarised statement of comprehensive income*

	31 December	
	2020 RMB'000	2019 RMB'000
Revenue	5	6
Loss before income tax, representing total comprehensive loss	(21,274)	(10)

#### *Summarised balance sheet*

	31 December	
	2020 RMB'000	2019 RMB'000
Current assets	28	21,302
Current liabilities	(19,332)	(19,332)
Net (liabilities)/assets	(19,304)	1,970

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

### Reconciliation of summarised financial information

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

	31 December	
	2020 RMB'000	2019 RMB'000
Net (liabilities)/assets	(19,304)	1,970
Group's equity interest	40%	40%
Group's share of net assets	(7,722)	788
Unrecognised share of loss <sup>(a)</sup>	7,722	—
Carrying value of Group interest in associated company	—	788

- (a) During the financial year, the Group has shared the losses from Le Rong of RMB788,000. The Group's cumulative share of losses exceed its interest in the associated company and the Group has no further obligation in respect of those accumulated losses beyond their total investment amount.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 19 INVESTMENT IN A JOINT VENTURE

	Group and Company	
	2020 RMB'000	2019 RMB'000
<b>Cost</b>		
Beginning of financial year	3,177	3,204
Share of loss of a joint venture	(15)	(27)
Disposal <sup>(a)</sup>	(3,162)	–
End of financial year	–	3,177
<b>Allowance for impairment</b>		
Beginning of financial year	(2,565)	–
Allowance for impairment	–	(2,565)
Disposal <sup>(a)</sup>	2,565	–
End of financial year	–	(2,565)
<b>Carrying amount</b>		
End of financial year	–	612

(a) On 29 July 2020, the Company entered into a Sales and Purchase Agreement (“SPA”) with a non-related party to dispose of its 40% shareholding interests in TNT Global Capital Pte Ltd (“TNT”) for a sales consideration of approximately RMB1,110,000 (equivalent to SGD220,000). The Group incurred professional fees of approximately RMB64,000 and recognised a gain on disposal of approximately RMB449,000 (Note 6) during the financial year.

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.

There are no contingent liabilities relating to the Group’s interest in the joint venture.

Details of the joint venture as at 31 December 2020 and 2019 are as follows:

Name of entity	Principal activities	Place of business country of incorporation	% of ownership interest	
			2020	2019
TNT Global Capital Pte Ltd	Provision of fund management services	Singapore	–	40

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 19 INVESTMENT IN A JOINT VENTURE (CONTINUED)

### Summarised financial information for joint venture

Set out below are the summarised unaudited financial information of TNT Global Capital Pte Ltd based on their financial statements (and not the Group's share of those amounts) for the financial year ended 31 December 2019, adjusted for differences in accounting policies between the Group and the joint venture.

### Summarised statement of comprehensive income

	<b>31 December 2019 RMB'000</b>
<b>Expenses</b>	
– Professional fees	(57)
– Other	(11)
<b>Loss before income tax, representing total comprehensive loss</b>	<b>(68)</b>

### Summarised balance sheet

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

### 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:

	<b>31 December 2019 RMB'000</b>
<b>Net assets</b>	<b>1,543</b>
Group's equity interest	40%
Group's share of net assets	617
Foreign exchange difference	(5)
<b>Carrying value</b>	<b>612</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 20 PROPERTY, PLANT AND EQUIPMENT

### Furniture and fitting and office equipment RMB'000

#### Group

#### **2020**

#### **Cost**

Beginning of financial year

Write-off

End of financial year

#### **Accumulated depreciation**

Beginning of financial year

Depreciation charge

– Continuing operations

Write-off

End of financial year

#### **Net book value**

#### **End of financial year**

161

(104)

57

156

5

(104)

57

–

#### **2019**

#### **Cost**

Beginning of financial year

Disposals

End of financial year

#### **Accumulated depreciation**

Beginning of financial year

Depreciation charge

– Continuing operations

Disposals

End of financial year

#### **Net book value**

#### **End of financial year**

720

(559)

161

702

13

(559)

156

5

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 20 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Furniture and fitting and office equipment RMB'000
<b>Company</b>	
<b>2020</b>	
<b>Cost</b>	
Beginning of financial year	156
Write-off	(104)
End of financial year	52
<b>Accumulated depreciation</b>	
Beginning of financial year	151
Depreciation charge	5
Write-off	(104)
End of financial year	52
<b>Net book value</b>	
End of financial year	–
<b>2019</b>	
<b>Cost</b>	
Beginning and end of financial year	156
<b>Accumulated depreciation</b>	
Beginning of financial year	139
Depreciation charge	12
End of financial year	151
<b>Net book value</b>	
End of financial year	5

## 21 TRADE AND OTHER PAYABLES

	Group		Company	
	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000
Accruals for operating expenses				
– Professional fees	362	302	296	295
– Directors' fees	333	30	333	30
– Others	124	36	57	32
	819	368	686	357
Non-trade payables				
– Non-related parties	654	1,174	–	–
– Subsidiary corporations	–	–	3	3
	654	1,174	3	3
	1,473	1,542	689	360

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 22 LEASE LIABILITY

	Group and Company	
	2020	2019
	RMB'000	RMB'000
Current		
Lease liability	–	914

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

	Group and Company	
	2020	2019
	RMB'000	RMB'000
6 months or less	–	683
6 – 12 months	–	231
Total	–	914

## 23 SHARE CAPITAL

	No. of ordinary shares	Amount RMB'000
<b>Group and Company</b>		
<b>31 December 2020</b>		
Beginning of financial year	2,130,000,000	145,320
Share consolidation <sup>(a)</sup>	(2,087,400,001)	–
End of financial year	42,599,999	145,320
<b>31 December 2019</b>		
Beginning and end of financial year	2,130,000,000	145,320

All issued ordinary shares are fully paid. There is no par value for these ordinary shares. Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

(a) On 9 July 2020, the Company had completed its share consolidation exercise. Every fifty (50) existing shares had been consolidated to constitute one (1) consolidated share. The issued share capital of the Company now comprises 42,599,999 consolidated shares.

All shares after the share consolidation exercise rank pari passu with one another.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 24 CURRENCY TRANSLATION RESERVE

	Group	
	2020 RMB'000	2019 RMB'000
Beginning of financial year	1	–
Net currency translation differences of financial statements of foreign subsidiary corporation	(201)	1
Less: Non-controlling interests	100	–
	(101)	–
End of financial year	(100)	1

## 25 ACCUMULATED LOSSES

Movement in accumulated losses of the Company is as follows:

	Company	
	2020 RMB'000	2019 RMB'000
Beginning of financial year	(127,748)	(121,059)
Net loss – continuing operations	(3,383)	(6,689)
End of financial year	(131,131)	(127,748)

## 26 FINANCIAL RISK MANAGEMENT

### Financial risk factors

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

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

#### (a) Market risk

##### (i) Currency risk

The Group mainly operates in the PRC and India with most of the transactions settled in RMB and USD respectively. 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 United States Dollar ("USD"), Singapore Dollar ("SGD") 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 26 FINANCIAL RISK MANAGEMENT (CONTINUED)

### (a) Market risk (continued)

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

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 the PRC and India are managed primarily through natural hedge.

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

	<u>RMB</u> <u>RMB'000</u>	<u>USD</u> <u>RMB'000</u>	<u>SGD</u> <u>RMB'000</u>	<u>HKD</u> <u>RMB'000</u>	<u>Total</u> <u>RMB'000</u>
<b>Group</b>					
<b>At 31 December 2020</b>					
<b>Financial assets</b>					
Cash and cash equivalents	1,346	–	3,063	–	4,409
Trade and other receivables	627	5,550	7,656	–	13,833
Receivables from subsidiary corporations	2,874	–	14,771	–	17,645
Other financial assets	–	–	18	–	18
	<u>4,847</u>	<u>5,550</u>	<u>25,508</u>	<u>–</u>	<u>35,905</u>
<b>Financial liabilities</b>					
Trade and other payables	(162)	–	(1,308)	(3)	(1,473)
Payables to subsidiary corporations	(2,874)	–	(14,771)	–	(17,645)
	<u>(3,036)</u>	<u>–</u>	<u>(16,079)</u>	<u>(3)</u>	<u>(19,118)</u>
<b>Net financial assets/(liabilities)</b>	<u>1,811</u>	<u>5,550</u>	<u>9,429</u>	<u>(3)</u>	<u>16,787</u>
Add: Net non-financial assets/(liabilities)	29	–	(375)	–	(346)
<b>Net assets/(liabilities)</b>	<u>1,840</u>	<u>5,550</u>	<u>9,054</u>	<u>(3)</u>	<u>16,441</u>
<b>Currency profile including non-financial assets/(liabilities)</b>	<u>1,840</u>	<u>5,550</u>	<u>9,054</u>	<u>(3)</u>	<u>16,441</u>
<b>Currency exposure of financial assets/(liabilities), net of those denominated in the respective entities' functional currencies</b>	<u>–</u>	<u>–</u>	<u>9,429</u>	<u>(3)</u>	<u>9,426</u>



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 26 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 26 FINANCIAL RISK MANAGEMENT (CONTINUED)

### (a) Market risk (continued)

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

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

	SGD RMB'000	HKD RMB'000	Total RMB'000
<b>Company</b>			
<b>At 31 December 2020</b>			
<b>Financial assets</b>			
Cash and cash equivalents	39	–	39
Trade and other receivables	14,795	–	14,795
Other current assets	18	–	18
	<u>14,852</u>	<u>–</u>	<u>14,852</u>
<b>Financial liabilities</b>			
Trade and other payables	(689)	–	(689)
	<u>(689)</u>	<u>–</u>	<u>(689)</u>
<b>Net financial assets</b>	<b>14,163</b>	<b>–</b>	<b>14,163</b>
Add: Net non-financial assets	26	–	26
<b>Net assets</b>	<b>14,189</b>	<b>–</b>	<b>14,189</b>
<b>Currency profile including non-financial assets</b>	<b>14,189</b>	<b>–</b>	<b>14,189</b>
<b>Net currency exposure</b>	<b>14,189</b>	<b>–</b>	<b>14,189</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 26 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 26 FINANCIAL RISK MANAGEMENT (CONTINUED)

### (a) Market risk (continued)

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

If the SGD and HKD change against the RMB by 3% (31 December 2019: 4%) and 6% (31 December 2019: 5%) 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:

#### Group

SGD against RMB

– Weakened

– Strengthened

HKD against RMB

– Weakened

– Strengthened

2020 RMB'000	2019 RMB'000
(212)	(430)
212	430
–*	–*
–*	–*

#### Company

SGD against RMB

– Weakened

– Strengthened

2020 RMB'000	2019 RMB'000
(319)	(453)
319	453

\* Less than RMB1,000

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 26 FINANCIAL RISK MANAGEMENT (CONTINUED)

### (b) Credit risk

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

#### (i) Risk management

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

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

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

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

The trade receivables of the Group comprises of 1 debtor (31 December 2019: 1 debtor) that individually represented 87% (31 December 2019: 100%) of trade receivables.

#### (ii) Credit rating

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

#### (iii) Trade receivables

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 26 FINANCIAL RISK MANAGEMENT (CONTINUED)

### (b) Credit risk (continued)

#### (iii) Trade receivables (continued)

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

As at 31 December 2020, there are no credit risk exposures in relation to the Group's trade receivables from customers. Management has assessed the application of the expected credit loss model and no loss allowances are recognised for these financial assets.

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

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

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

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

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

As at 31 December 2020, there are no credit risk exposures in relation to the Group and the Company's other financial assets, except for the loans to an associated company.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 26 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

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

The carrying amount of loans to an associated company individually determined to be impaired is as follows:

	The Group	
	2020 RMB'000	2019 RMB'000
Gross amount	19,293	19,293
Less: Loss allowance	(19,293)	(19,293)
	–	–
<u>Movement in allowance</u>		
Beginning of financial year	19,293	–
Allowance made	–	19,293
End of financial year (Note 12)	19,293	19,293

(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	
	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000
<u>Less than one year</u>				
Trade and other payables	1,473	1,542	689	360
Lease liability	–	914	–	914

(d) Capital risk

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 26 FINANCIAL RISK MANAGEMENT (CONTINUED)

### (d) Capital risk (continued)

Management monitors capital based on a gearing ratio. The Group and the Company are not required by the banks to maintain financial ratios. The Group's and the Company's strategies, which were unchanged from 2019, are to maintain gearing ratios of not more than 100%. Management will review the gearing ratios regularly based on operations and performance of the Group.

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

	Group		Company	
	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000
Net debt	–	–	650	–
Total equity	16,441	18,459	14,189	17,572
Total capital	16,441	18,459	14,839	17,572
Gearing ratio	*NM	*NM	4%	*NM

\* NM = Not meaningful

The Group and the Company have no externally imposed capital requirements for the financial years ended 31 December 2020 and 2019.

### (e) Fair value measurements

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:

	2020 RMB'000	2019 RMB'000
<b>Group</b>		
Financial assets, at amortised cost	18,260	18,580
Financial liabilities, at amortised cost	1,473	2,456
<b>Company</b>		
Financial assets, at amortised cost	14,852	16,385
Financial liabilities, at amortised cost	689	1,274



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 27 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	
	2020 RMB'000	2019 RMB'000
Sales of services to related party	9,393	1,343
Payments made on behalf of related party	–	10,354
Sub-lease of office space to a former related party	–	235

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

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

### (b) Key management personnel compensation

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

	Group	
	2020 RMB'000	2019 RMB'000
Salaries and bonus	4,275	2,974
Directors' fees	675	689
Employer's contribution to defined contribution plans including CPF	333	575
	5,283	4,238

Included in the above is total compensation to directors of the Company amounted to RMB1,548,000 (2019: RMB1,631,000).

## 28 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 India. From a business segment perspective, following the disposal of subsidiary corporations, the Group's operations derive its revenue from corporate advisory and management consultancy business. Other services within Singapore mainly relates to investment holding and is not included within the reportable operations segments as it is not included in the segment reports provided to the CODM. The result of its operations is included under "All other segments".

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 28 SEGMENT INFORMATION (CONTINUED)

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

	Continuing operations		Discontinued operations	
	Corporate advisory and management consultancy RMB'000	All other segments RMB'000	All other segments RMB'000	Total RMB'000
<b>2020</b>				
<b>Revenue</b>	<b>10,806</b>	<b>–</b>	<b>–</b>	<b>10,806</b>
Other income	–	614	–	614
Interest income	66	1	–	67
Currency exchange loss, net	(170)	(723)	–	(893)
Gain on disposal of investment in a joint venture	–	449	–	449
Amortisation of right-of-use asset	–	(890)	–	(890)
Consultancy charges	(646)	–	–	(646)
Depreciation	–	(5)	–	(5)
Employee compensation	(4,020)	(2,321)	–	(6,341)
Directors' fee	–	(675)	–	(675)
Interest expense on lease liability	–	(18)	–	(18)
Professional fees	(868)	(1,136)	–	(2,004)
Rental on operating leases	(163)	(24)	–	(187)
Finance	(6)	(2)	–	(8)
Other operating expenses	(127)	(740)	–	(867)
Share of loss of a joint venture	–	(15)	–	(15)
Share of loss of an associated company	(788)	–	–	(788)
Profit/(loss) before income tax	4,084	(5,485)	–	(1,401)
Income tax expense	(416)	–	–	(416)
<b>Total profit/(loss)</b>	<b>3,668</b>	<b>(5,485)</b>	<b>–</b>	<b>(1,817)</b>
<b>Segment assets</b>	<b>18,215</b>	<b>108</b>	<b>–</b>	<b>18,323</b>
<b>Segment liabilities</b>	<b>(1,196)</b>	<b>(686)</b>	<b>–</b>	<b>(1,882)</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 28 SEGMENT INFORMATION (CONTINUED)

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

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 2020

## 28 SEGMENT INFORMATION (CONTINUED)

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

### (a) Reconciliations

#### (i) Segment assets

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

Segment assets are reconciled to total assets as follows:

	2020 RMB'000	2019 RMB'000
Segment assets for reportable segments	18,215	15,510
Other segment assets	108	5,437
Total assets	18,323	20,947

#### (ii) Segment liabilities

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

Segment liabilities are reconciled to total liabilities as follows:

	2020 RMB'000	2019 RMB'000
Segment liabilities for reportable segments	1,196	1,218
Other segment liabilities	686	1,270
Total liabilities	1,882	2,488

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 28 SEGMENT INFORMATION (CONTINUED)

### (c) Geographical information

The Group's business segments operate in the following main geographical areas:

- Corporate advisory – domiciled and operates mainly in the PRC.
- Management consultancy – domiciled in Singapore and operates mainly in India.
- All other segments – domiciled and operates mainly in Singapore.

Non-current assets attributable from the main geographical area are as follows:

	Non-current assets	
	31 December 2020 RMB'000	31 December 2019 RMB'000
PRC	–	788
Singapore	3	617

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

## 29 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 2021 and which the Group has not early adopted.

### (a) Amendments to SFRS(I) 1-16 Property, Plant and Equipment: Proceeds before Intended Use (effective for annual periods beginning on or after 1 January 2022)

The amendment to SFRS(I) 1-16 Property, Plant and Equipment (PPE) prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.

Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

The Group does not expect any significant impact arising from applying these amendments.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 29 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

- (b) Amendments to SFRS(I) 1-37 Provisions, Contingent Liabilities and Contingent Assets:** Onerous Contracts – Cost of Fulfilling a Contract (effective for annual periods beginning on or after 1 January 2022)

An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the costs of fulfilling it and any compensation or penalties arising from failure to fulfil it. The amendment to SFRS(I) 1-37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts.

The Group does not expect any significant impact arising from applying these amendments.

- (c) Amendments to SFRS(I) 1-1 Presentation of Financial Statements:** Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2023)

The narrow-scope amendments to SFRS(I) 1-1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what SFRS(I) 1-1 means when it refers to the “settlement” of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. The Group does not expect any significant impact arising from applying these amendments.

# STATISTICS OF SHAREHOLDINGS

AS AT 26 MARCH 2021

## DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	54	8.24	1,466	0.01
100 – 1,000	224	34.20	101,098	0.24
1,001 – 10,000	242	36.95	1,142,876	2.68
10,001 – 1,000,000	128	19.54	6,783,374	15.92
1,000,001 AND ABOVE	7	1.07	34,571,185	81.15
<b>TOTAL</b>	<b>655</b>	<b>100.00</b>	<b>42,599,999</b>	<b>100.00</b>

## TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	UOB KAY HIAN PRIVATE LIMITED	19,179,594	45.02
2	CITIBANK NOMINEES SINGAPORE PTE LTD	6,912,534	16.23
3	DBS NOMINEES (PRIVATE) LIMITED	3,510,304	8.24
4	RAMESH S/O PRITAMDAS CHANDIRAMANI	1,500,000	3.52
5	KGI SECURITIES (SINGAPORE) PTE. LTD.	1,414,460	3.32
6	PHILLIP SECURITIES PTE LTD	1,043,933	2.45
7	HSBC (SINGAPORE) NOMINEES PTE LTD	1,010,360	2.37
8	WENG WENJU	313,600	0.74
9	WENG JINDAO	305,600	0.72
10	TEOH TEIK KEE	250,000	0.59
11	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	243,480	0.57
12	HUANG FANGXUE	238,400	0.56
13	DOMINIC JUDE CHRISTIAN PETERS	184,400	0.43
14	ABN AMRO CLEARING BANK N.V.	167,808	0.39
15	LOH LOK KIT	150,000	0.35
16	ONG SOON LIONG @ONG SOON CHONG	140,000	0.33
17	ZHOU WEIKANG	135,162	0.32
18	LAM SIEW KEE (LIN SHAOQI)	120,000	0.28
19	LIM MOOI NGO	120,000	0.28
20	NG CHEE CHOON	114,000	0.27
<b>TOTAL</b>		<b>37,053,635</b>	<b>86.98</b>

# STATISTICS OF SHAREHOLDINGS

AS AT 26 MARCH 2021

## SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders of the Company (as recorded in the Register of Substantial Shareholders) as at 26 March 2021.

Name	Direct Interest	%	No. of Ordinary Shares	
			Indirect Interest	%
Andrea Querci <sup>(1)</sup>	–	–	12,400,000	29.10%
Joyce E-Ming Ng <sup>(2)</sup>	–	–	6,433,400	15.10%
Weng Wenwei <sup>(3)</sup>	–	–	3,230,000	7.58%

### Notes:

- (1) The 12,400,000 shares are held by Andrea Querci's nominee, UOB Kay Hian Private Limited.
- (2) The 6,433,400 shares are held by Joyce E-Ming Ng's nominee, Citibank Nominees Singapore Pte Ltd.
- (3) Weng Wenwei is deemed to be interested in the 200,000,000 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 1,230,000 shares held by his spouse, Cai An'e. Registered in the name of DBS Nominees (Private) Limited.

## FREE FLOAT

As at 26 March 2021, approximately 48.22% 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 by way of electronic means on Tuesday, 27 April 2021 at 2.00 p.m. Please refer to the section below on “**IMPORTANT NOTICE ON AGM ARRANGEMENTS IN LIGHT OF COVID-19**” for further details.

This Notice of AGM and accompanying Proxy Form have been made available on SGXNet. Printed copies of these documents will NOT be despatched to members of the Company.

The AGM will be held for the following purposes:–

## AS ORDINARY BUSINESS

1. To receive and, if approved, adopt the Audited Accounts for the financial year ended 31 December 2020 together with the Directors’ Statement and Independent Auditors’ Report thereon.  
Resolution 1
2. To approve the payment of Directors’ fees of S\$135,000 for the financial year ending 31 December 2021, to be paid half-yearly in arrears (2020: S\$135,000).  
Resolution 2
3. To re-elect Mr. Peng Weile (Leo) who is retiring under Regulation 107 of the Company’s Constitution, as Director of the Company.  
Resolution 3
4. To re-elect Mr. Boye Kobaek Hartmann who is retiring under Regulation 117 of the Company’s Constitution, as Director of the Company.  
Resolution 4
5. To re-appoint Messrs Nexia TS Public Accounting Corporation, as the Independent Auditors of the Company and to authorise the Directors to fix their remuneration.  
Resolution 5
6. To transact any other ordinary business which may be properly transacted at an annual general meeting.

## AS SPECIAL BUSINESS

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

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

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

- (A) (i) issue shares in the capital of the Company (“**Shares**”) (whether by way of rights, bonus or otherwise); and/or
- (ii) make or grant offers, agreements, or options (collectively, “**Instruments**”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible or exchangeable into Shares,

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

# NOTICE OF ANNUAL GENERAL MEETING

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

provided that:

- (i) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed fifty per cent (50%) of the total issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed twenty per cent (20%) of the total issued Shares (excluding treasury shares) in the capital of the company (as calculated in accordance with sub-paragraph (ii) below);
- (ii) (subject to such manner of calculation and adjustments as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraphs (i) above, the percentage of issued Shares shall be based on the total number of issued Shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed, after adjusting for:
  - (a) new Shares arising from the conversion or exercise of any Instruments or any convertible securities;
  - (b) new Shares arising from the exercise of share options or vesting of share awards, 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;

Adjustments for (a) and (b) above are only to be made in respect of new Shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution;

- (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 (iii)]

Resolution 6

## BY ORDER OF THE BOARD

PENG WEILE (LEO)  
EXECUTIVE DIRECTOR  
12 APRIL 2021  
SINGAPORE

# NOTICE OF ANNUAL GENERAL MEETING

## Explanatory Notes:-

- (i) If re-elected under Resolution 3, Mr. Peng Weile (Leo) will remain as an Executive Director of the Company.
- (ii) If re-elected under Resolution 4, Mr. Boye Kobaek Hartmann will remain as an Executive Director of the Company.
- (iii) The Ordinary Resolution 6 proposed in item 7 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 member, including a relevant intermediary, entitled to vote at the AGM must appoint the Chairman of the AGM to act as proxy and direct the vote at the AGM.  
  
"relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.
- (2) The instrument or form appointing the Chairman of the AGM as proxy must be signed by the appointor or his/her/its attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorized. The instrument must be submitted not less than 72 hours before the time appointed for holding the AGM, in the manner specified in the section titled **"IMPORTANT NOTICE ON AGM ARRANGEMENTS IN LIGHT OF COVID-19"** below.
- (3) Where this instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney or a notarially certified copy thereof (failing previous registration with the Company) must be lodged with this instrument of proxy, failing which this instrument of proxy may be treated as invalid.
- (4) **PERSONAL DATA PRIVACY** By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend 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.

## IMPORTANT NOTICE ON AGM ARRANGEMENTS IN LIGHT OF COVID-19

The AGM is being convened, and will be held, only by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this Notice of AGM and the accompanying Proxy Form will not be sent to members of the Company. Instead, these documents will be made available on SGXNet at: <https://www.sgx.com/securities/company-announcements>.

This notice sets out the Company's arrangements relating to, among others, attendance at the AGM via electronic means (including arrangements by which the AGM can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the AGM in advance, addressing of substantial and relevant questions prior to or at the AGM and/or voting by appointing the Chairman of the AGM as proxy.

**In light of the current COVID-19 situation and the related safe-distancing measures put in place in Singapore, a member (including a relevant intermediary\*) will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.**

\* "relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act.

Members may participate at the AGM by following the steps set out below:

### 1. Registration for Live Webcast

Members will be able to follow the proceedings of the AGM through a live audio-visual webcast or live audio-only stream (collectively, **"Live Webcast"**) via mobile phone, tablet, computer or any such electronic device.

To do so, a member must pre-register **by no later than 2.00 p.m. on 24 April 2021** (**"Registration Deadline"**), at the URL: <https://conveneagm.com/sg/foriseinternational/> for authentication of their status as members.

Members who have been authenticated will receive email instructions to access the Live Webcast of the proceedings of the AGM by 2.00 p.m. on 26 April 2021. Members who have registered by the Registration Deadline but have not received email instructions by 2.00 p.m. on 26 April 2021 may contact the Company by email at [contact@foriseinternational.com](mailto:contact@foriseinternational.com) for assistance.

Members must not forward the abovementioned email instructions to other persons who are not members and who are not entitled to attend the AGM. This is also to avoid any technical disruptions or overload to the Live Webcast.

Investors who hold shares through relevant intermediaries (as defined in Section 181 of the Companies Act) who wish to participate in the AGM should, in addition to pre-registering, approach their respective agents as soon as possible, so that the necessary arrangements can be made by the relevant agents for their participation in the AGM.

# NOTICE OF ANNUAL GENERAL MEETING

## 2. Members' Queries

Members will not be able to speak or ask questions during the Live Webcast. It is important to note that any questions must be submitted in advance of the AGM.

All questions must be submitted **by no later than 2.00 p.m. on 23 April 2021** to the Company:

- (a) **via the pre-registration website** at the URL: <https://conveneagm.com/sg/foriseinternational>
- (b) in hard copy **by post** to the registered office of the Company at 3 Temasek Avenue #34-42B, Centennial Tower, Singapore 039190, or
- (c) **via email** to [contact@foriseinternational.com](mailto:contact@foriseinternational.com).

For verification purposes, when submitting any questions by post or via email, members **MUST** provide the Company with their particulars (comprising: full name (for individuals)/company name (for corporations), email address, contact number, NRIC/passport number/company registration number, shareholding type and number of shares held).

The Company will endeavour to address the substantial queries from members prior to or at the AGM and upload the Company's responses on the SGXNet. The minutes of the AGM, which will include responses to substantial queries from members which are addressed during the AGM, shall thereafter be published on SGXNet, within one (1) month from the conclusion of the AGM.

Investors who hold shares through relevant intermediaries (as defined in Section 181 of the Companies Act) can submit their questions in relation to any resolution set out in the Notice of AGM upon pre-registration, however, they should, in addition to pre-registering, approach their respective agents as soon as possible, so that the necessary arrangements can be made by the relevant agents for their participation in the AGM.

## 3. Proxy Voting

A member (including a relevant intermediary) will not be able to attend the AGM physically in person. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. The instrument appointing the Chairman of the AGM as proxy has been uploaded together with this Notice of AGM on SGXNet on the same day.

Members (whether individual or corporate) appointing the Chairman of the AGM as proxy must give specific instructions as to his/her/its manner of voting, or abstentions from voting, in the proxy form, failing which the appointment will be treated as invalid.

The instrument appointing the Chairman of the AGM as proxy must be submitted to the Company in the following manner:

- (a) in hard copy **by post** to the registered office of the Company at 3 Temasek Avenue #34-42B, Centennial Tower, Singapore 039190, or
- (b) **via email** to [contact@foriseinternational.com](mailto:contact@foriseinternational.com)

in any case **not less than 72 hours** before the time for holding the AGM and at any adjournment thereof.

**A member who wishes to submit an instrument of proxy by (b) and (c) must first download the proxy form, which is available on SGXNet at the URL <https://www.sgx.com/securities/company-announcements>, complete and sign the proxy form, before submitting it by post to the address provided above, or scanning and sending it by email to the email address provided above. In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.**

Investors who hold shares through relevant intermediaries (as defined in Section 181 of the Companies Act) and wish to appoint the Chairman of the AGM as proxy, should approach their respective agents to submit their votes **by 5.00 p.m. on 15 April 2021**.

The Company shall be entitled to reject the instrument appointing the Chairman of the AGM as proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the AGM as proxy (such as in the case where the appointor submits more than one instrument of proxy).

In the case of shares entered in the Depository Register, a Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time fixed for holding the AGM in order for the Depositor to be entitled to appoint the Chairman of the AGM as proxy.

The Annual Report 2020 has been uploaded on SGXNet on **12 April 2021**, there will be no hardcopy of Annual Report to be despatched to members of the Company

**IMPORTANT: Due to the evolving COVID-19 situation, the Company may change the AGM arrangements at short notice. Any changes will be announced by the Company on SGXNet and Shareholders are advised to check SGXNet for updates prior to the AGM.**

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

Mr Peng Weile (Leo) and Mr Boye Kobaek Hartmann are the Directors seeking re-election at the forthcoming annual general meeting of the Company to be convened on **27 April 2021** (“AGM”) under Ordinary Resolutions 3 and 4 respectively as set out in the Notice of AGM dated 12 April 2021 (collectively, the “**Retiring Directors**” and each a “**Retiring Director**”).

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

In respect of Mr Boye Kobaek Hartmann, please refer to his appointment announcement as announced by the Company on 1 July 2020 for information relating to him under Appendix 7.4.1, to be read in conjunction with the Company’s responses to queries from the SGX-ST as announced on 3 July 2020, 25 August 2020 and 29 September 2020. There has been no change to the information disclosed in his Appendix 7.4.1 appointment announcement, and none of the declaration for the items (a) to (k) of his Appendix 7.4.1 appointment announcement was or is a “Yes”.

As of the Latest Practicable Date, Mr Boye Kobaek Hartmann has not attended any training on the roles and responsibilities of a director of a listed issuer as prescribed by the SGX-ST due to conflicting schedules. However, the Company has registered Mr Boye Kobaek Hartmann for upcoming training sessions to be conducted in May 2021.

In respect of Mr Peng Weile (Leo), the information relating to him as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST is as follows:

NAME OF DIRECTOR	PENG WEILE (LEO)
Date of Appointment	Appointed to the Board as a Non-Executive Director of the Company on 19 August 2015  Re-designated as an Executive Director of the Company on 2 October 2015
Date of Last Re-Appointment	27 April 2018
Age	40
Country of principal residence	Singapore
The Board’s comments on this appointment (including rationale, selection criteria, and the search and nomination process)	On recommendation of the Nominating Committee, and having considered the qualifications and work experience of Mr. Peng Weile (Leo) as well as his contributions and performance since the date of his last re-appointment, the Board approves the re-appointment of Mr. Peng Weile (Leo) as an Executive Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Yes. The areas of responsibilities and duties of Mr Peng Weile (Leo) is to execute the strategic directions set by the Board of Directors, including management of the forex market, investment, fund raising, M&A, public relations, road shows, corporate governance and compliance and develop strategic partnership with financial institutions, fund managers and banks.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director
Professional Qualifications	Master’s degree in Finance, National University of Ireland, Dublin  Diploma in Wealth Management, Wealth Management Institute of Singapore

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

NAME OF DIRECTOR	PENG WEILE (LEO)
Any relationship (including immediate family relationships) with any existing director, existing executive director, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No
Conflict of interest (including any competing business)	No
Working experience and occupation(s) during the past 10 years	<p>2009 to 2014 – Beijing Weihao Investment Ltd – Executive Director, Head of Investment</p> <p>2009 to 2016 – SinoExcel Energy Limited – Director</p> <p>2014 to 2015 – Fuhua Holdings Limited – Managing Director, Investment Banking</p> <p>2012 to 2013 – Cedar Strategic Holdings Ltd. – Director</p> <p>Aug 2018 to Dec 2020 – Beijing Shengting Commercial Management Co., Ltd. – Director</p> <p>Aug 2017 to Aug 2020 – TNT Global Capital Pte Ltd – Non-Executive Director</p> <p>Oct 2016 to Present – HealthBank Holdings Limited – Executive Director</p> <p>Oct 2019 to Present – Prisma Technologies Pte Ltd – Director</p> <p>Mar 2020 to Present – Forise Management Ltd – Director</p> <p>Mar 2017 to Present – Elite Management (Singapore) Pte. Ltd. – Director</p>
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes
Shareholding interest in the listed issuer and its subsidiaries	Nil
Past (for the last 5 years)	<p>Directorship</p> <p>Sino-Excel Energy Limited</p> <p>Beijing Shengting Commercial Management Co., Ltd.</p>

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

NAME OF DIRECTOR	PENG WEILE (LEO)
Present	<u>Directorship</u> HealthBank Holdings Limited Prisma Technologies Pte. Ltd. Forise Management Limited Elite Management (Singapore) Pte. Ltd.
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No
(c) Whether there is any unsatisfied judgment against him?	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No

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

NAME OF DIRECTOR	PENG WEILE (LEO)
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–	
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No



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

NAME OF DIRECTOR	PENG WEILE (LEO)
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere.	No
Any prior experience as a director of a listed company? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the Nominating Committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Yes. Mr Peng Weile (Leo) has been a director of the Company since 19 August 2015, and is currently a director of HealthBank Holdings Limited and was previously a director of Cedar Strategic Holdings Ltd.

## FORISE INTERNATIONAL LIMITED

(Company Registration No. 200804077W)

(Incorporated in the Republic of Singapore)

### PROXY FORM ANNUAL GENERAL MEETING

This Proxy Form has been made available on SGXNet. A printed copy of this proxy form will **NOT** be despatched to members.

#### IMPORTANT

- 1 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.
- 2 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 2021.

I/We, \_\_\_\_\_ (Name) \_\_\_\_\_ (NRIC/Passport/Registration No.)

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

being a \*member/members of **FORISE INTERNATIONAL LIMITED** (the "**Company**") hereby appoint the Chairman of the Annual General Meeting of the Company ("**AGM**") as \*my/our proxy to vote for \*me/us on \*my/our behalf at the AGM to be held by way of electronic means on Tuesday, 27 April 2021 at 2.00 p.m. and at any adjournment thereof.

\*I/We direct the Chairman of the AGM to vote for, or against, or to abstain from voting on 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 Chairman of the AGM will vote or abstain from voting at his 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
<b>Ordinary Business</b>			
1.	Adoption of Audited Accounts, Directors' Statement and Independent Auditors' Report for financial year ended 31 December 2020		
2.	Payment of Directors' Fees amounting to S\$135,000 for financial year ending 31 December 2021, to be paid half-yearly in arrears		
3.	Re-election of Mr. Peng Weile (Leo) as a Director of the Company		
4.	Re-election of Mr. Boye Kobaek Hartmann as a Director of the Company		
5.	Re-appointment of Nexia TS Public Accounting Corporation as Independent Auditors of the Company		
<b>Special Business</b>			
6.	Authority to Directors to allot and issue new shares pursuant to Section 161 of the Companies Act, Cap. 50		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2021.

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 member of the Company (including a relevant intermediary\*) will not be able to attend the AGM physically in person. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. In appointing the Chairman of the AGM as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in this proxy form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.  
  
\* "relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.
- 3 The Chairman of the AGM, as proxy, need not be a Member of the Company.
- 4 The instrument appointing the Chairman of the AGM as proxy must be submitted to the Company in the following manner:  
  
(a) in hard copy **by post** to the registered office of the Company at 3 Temasek Avenue #34-42B, Centennial Tower, Singapore 039190, or  
  
(b) **via email** to [contact@foriseinternational.com](mailto:contact@foriseinternational.com),  
  
in any case, not less than 72 hours before the time for holding the AGM and at any adjournment thereof.
- 5 The instrument appointing the Chairman of the AGM as the proxy must be signed by the appointor or his/her/its attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised.
- 6 Where this instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney or a notarially certified copy thereof (failing previous registration with the Company) must be lodged with this instrument of proxy, failing which this instrument of proxy may be treated as invalid.
- 7 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.
- 8 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.





**FORISE INTERNATIONAL LIMITED**

3 Temasek Avenue,  
Centennial Tower # 34-42B  
Singapore 039190  
Tel: 6549 7110  
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