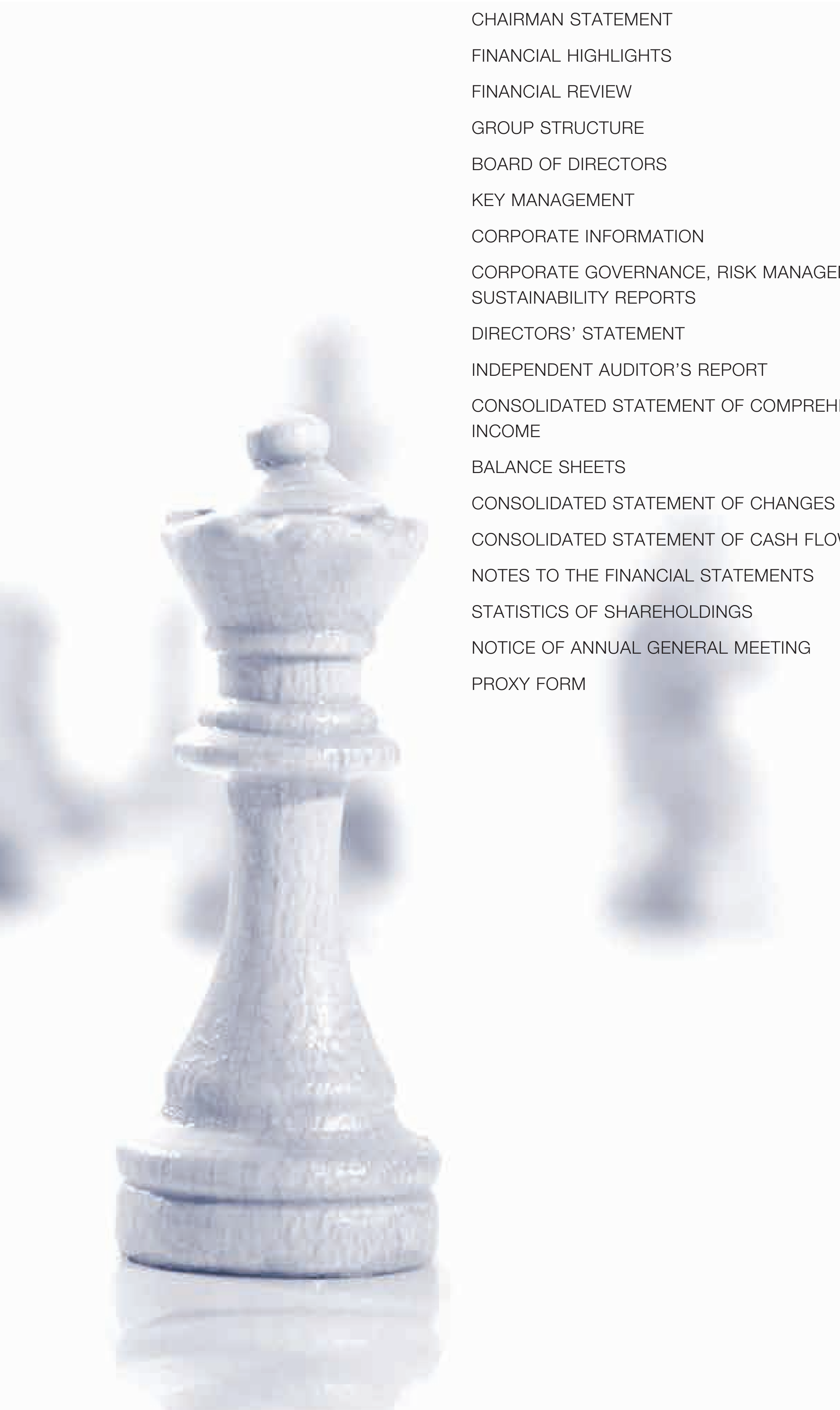
FH 复华国际
FORISE INTERNATIONAL LIMITED

INDEPENDENT,
RESULTS-DRIVEN
ADVISORY SERVICES AND SOLUTIONS

ANNUAL REPORT 2017

CONTENTS



CHAIRMAN STATEMENT

"Our revenue for FY2017 increased more than three fold from RMB5.04 million in FY2016 to RMB19.39 million. This was mainly due to more corporate advisory contracts being secured during the reporting year as compared to a year ago when the business just commenced."

Dear Shareholders,

2017 has been an interesting year. Whilst the global economy has done better achieving 3% GDP growth (up from 2016's 2.4%), China's GDP trended sideways achieving 6.8% due to the rebalancing of its economy. The World Bank's forecast for global GDP for 2018 and 2019 is 3.1% and 3%, respectively. The World Bank's forecast for China's GDP for 2018 and 2019 is 6.2% and 6.1%, respectively.

Following the Group's exit from the garment trading industry, the Group's main business and operations is corporate advisory in China. The capital markets industry has always been very competitive. The more modest growth of the Chinese economy has made it even more so.

In spite of this, we are pleased to report that we successfully exited from the Singapore Exchange Securities Trading Limited ("SGX-ST") Watch-list. I believe this is a testament to the Group's fundamentals and competent team.

CHAIRMAN STATEMENT

SIGNIFICANT DEVELOPMENTS IN 2017

During the year, the Group exited from the SGX-ST Watchlist pursuant to rule 1314(1) of the Listing Manual of SGX-ST with effect from 3 May 2017 after having satisfied with the requirements of removal from SGX-ST Watchlist.

In FY2017, we have ceased our garment trading business during the year in view of an unfavourable changing business landscape in the form of trade protectionism and weakening demand in both the PRC and global markets. We opined that the garment trading business posed high risks yet yields only low returns, hence we took steps to cease this business segment to venture into the corporate advisory arena.

To this end, the Group has been focusing on the development and expansion of our corporate advisory business which comprise strategic planning, corporate advisory, financial restructuring advisory and management consultancy services. We are actively expanding our service team as well as actively seeking to diversity both the services we offer and the markets we operate in.

In line with these expansion plans, we have forged a strategic alliance with TNT Global Capital Pte Ltd, a Singapore-registered fund management company to create a platform for the Group's venture into the business of asset management.

Additionally, we have also established subsidiaries in British Virgin Islands and a Segregated Portfolio Company in Cayman Islands to serve as our vehicle to carry out offshore fund management activities.

Besides this, we have made a strategic investment in an associated company in China so that we can get exposure to commercial factoring. The said associated company has commenced business operations in commercial factoring in 4Q2017.

With these developments, it is the Group's aim to provide an integrated and eventually a one-stop financial solution to our portfolio of clients. Through the expansion of our asset and wealth management services, we hope to deliver a customised value-added suite of solutions that offers our clients an array of comprehensive financial options.

2017 PERFORMANCE REVIEW

The Group's revenue for the year arose solely from the business of providing corporate advisory services, as the results of garment trading business were presented as discontinued operations. Our revenue for FY2017 increased more than three fold from RMB5.04 million in FY2016 to RMB19.39 million. This was mainly due to more corporate advisory contracts being secured during the reporting year as compared to a year ago when the business just commenced.

Consequently, the Group recorded profit from continuing operations of RMB2.47 million in FY2017 against RMB252.85 million in the previous year. The decrease in FY2017 profit was mainly attributed to a one-off gain on disposal of RMB253.18 million, which was recorded in FY2016.

FUTURE PROSPECTS

Despite signs of recovery in the global economy, the Group expects the global market and equity market to remain challenging. Nevertheless, we will continue to seek to grow our new businesses, so as to increase our overall market share by focusing on the needs of our clients and providing personalised quality services.

We will also actively seek other related business opportunities to develop and enhance the value of the Group.

IN APPRECIATION

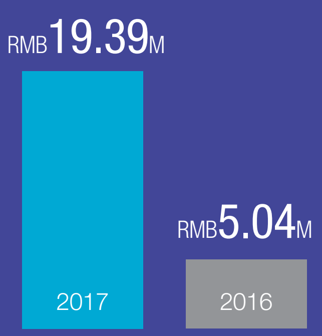
I note the re-designation of Mr. Peng Fei from Executive Director to Non-Executive Director of the Group. I would like to take this opportunity to thank him for the considerable value he has brought to the Company. We valued Mr. Peng's active contribution but continue to look forward to getting advice from him.

On behalf of the Board of Directors, I would like to express my appreciation to our shareholders, business partners, clients and bankers for their support and confidence in us over the years. I would also like to thank the management and staff for their commitment and dedication that have helped the Group overcome obstacles towards greater achievements. I look forward to moving ahead together with you as we strive to create greater value for everyone.

Mr. Wang Xin
Executive Chairman

FINANCIAL HIGHLIGHTS

REVENUE



PROFIT BEFORE TAX

RMB5.59M

NET PROFIT

RMB1.55M

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

CONTINUING OPERATIONS

0.11RMB CENTS

DISCONTINUED OPERATIONS

(0.04)RMB CENTS

NET ASSETS VALUE

2.08RMB CENTS

OPERATING CASH FLOWS

RMB4.16M

CASH & BANK BALANCES

RMB34.96M

SHAREHOLDERS' EQUITY

RMB44.44M

FINANCIAL REVIEW

FINANCIAL PERFORMANCE

In August 2017, the Group ceased its garment trading business as it has been increasingly challenging due to changing competitive conditions in this industry, the weakening demand of our products in both the PRC and the global market, and the issue of risking credit risk. In the presentation of Consolidated Statement of Comprehensive Income, the garment trading segment was presented as "Discontinued Operations".

For the business of providing strategic planning, corporate advisory, financial restructuring advisory and management consultancy services, the Group's revenue for the financial year ended 31 December 2017 increased by RMB14.35 million to RMB19.39 million, from RMB5.04 million for the financial year ended 31 December 2016. The significant increase in corporate advisory revenue as compared to FY2016 was due to more corporate advisory contracts being signed and completed in FY2017 as compared to FY2016 when the business had just commenced.

During FY2017, the Group incurred consultancy charges of RMB1.93 million as a result of more services rendered by other service providers to assist in completion of the consultancy deliverables to clients.

Employee compensation expenses increased by RMB2.85 million in FY2017, from RMB0.98 million in FY2016 to RMB3.83 million in FY2017, mainly due to the increase in employee costs of Tianjin WFOE. As Tianjin WFOE only commenced its business from 4Q2016, hence, full year employee costs were recorded for FY2017 as opposed to only 4Q2016 employee costs being recorded in FY2016.

Professional fees of the Group increased by RMB1.84 million in FY2017, from RMB0.87 million in FY2016 to RMB2.71 million in FY2017. The increase was mainly due to more professional services rendered in FY2017 in relation to the proposed Rights Issue exercise set up fees for the Cayman Segregated Portfolio Company and other advisory matters.

Rental on operating leases of the Group increased by RMB2.12 million in FY2017, from RMB0.90 million in FY2016 to RMB3.02 million. The increase was mainly due to office rental expenses incurred by Tianjin WFOE in FY2017 as opposed to no such rental expenses recorded in FY2016.

The group recorded its share of losses from a joint venture and an associated company amounting to RMB0.64 million and RMB0.03 million respectively for the financial year ended 31 December 2017.

The income tax expenses of RMB3.12 million for FY2017 were incurred solely by Tianjin WFOE and the effective tax rate was 51.43%. The effective tax rate was significantly higher than China's statutory tax rate of 25% because losses made by other group entities with different tax jurisdictions could not offset against profits earned by Tianjin WFOE.

For the garment trading segment which was presented as "Discontinued Operations", the Group recorded a net loss of RMB0.93 million in FY2017 as opposed to net profits of RMB36.65 million in FY2016.

FINANCIAL POSITION

Non-Current Assets

Non-current assets increased by RMB4.99 million from RMB0.31, million in FY2016 to RMB5.30 million in FY2017, mainly due to the investment in a joint venture with a Singapore based fund management company, investment in an associated company which provides commercial factoring services in China as well as the set up of subsidiaries in the British Virgin Islands and a Segregated Portfolio Company in Cayman Islands as an asset and wealth management business platform. The increase was in line with the Group's strategy of focusing on the development and growth of our strategic planning, corporate advisory services, financial restructuring and management consultancy services.

Current Assets

As at 31 December 2017, the current assets of the Group amounted to RMB44.17 million and accounted for 89.3% of the Group's total assets. The Group's current assets are mainly made up of cash and cash equivalents and trade and other receivables.

Cash and cash equivalents decreased by RMB3.90 million from RMB38.86 million in FY2016 to RMB34.96 million in FY2017, mainly due to net cash used in investing activities of RMB8.06 million offset against the net cash generated from operating activities of RMB4.16 million.

Trade and other receivables decreased by RMB12.21 million from RMB20.80 million in FY2016 to RMB8.59 million in FY2017. The balance of trade receivables of FY2016 included debtors of both the garment trading and corporate advisory businesses as opposed to the FY2017 balance which only comprised of debtors from the corporate advisory business.

FINANCIAL REVIEW

The decrease in trade and other receivables was due to:

i) The decrease in trade receivables by RMB14.28 million which was mainly due to reduction of FY2016 debtor balances in FY2017. The FY2017 debtor balances represented current debtor balance not yet past due, offset against

ii) The increase in other receivables of RMB2.1 million from an interest-bearing loan made to the associated company of Tianjin WFOE.

Current liabilities

As at 31 December 2017, the current liabilities of the Group amounted to RMB5.03 million, which also represented the Group's total liabilities. The Group's current liabilities comprise of trade and other payables and income tax liabilities.

Trade and other payables decreased by RMB13.30 million from RMB16.28 million in FY2016 to RMB2.98 million in FY2017. The decrease was mainly due to the settlement of trade and other payables.

Current income tax liabilities increased by RMB0.66 million from RMB1.39 million as at 31 December 2016 to RMB2.05 million as at 31 December 2017. The increase was mainly due to tax provisions which arose from revenue generated from the corporate advisory business. The current income tax liabilities of RMB2.05 million as at 31 December 2017 comprise the income tax provision for the revenue generated from the Tianjin WFOE RMB0.95 million and the income tax provision made in FY2016 with respect to revenue generated from a Hong Kong garment trading company, RMB1.10 million.

Shareholder's equity

Total shareholder's equity increased from RMB42.89 million in FY2016 to RMB44.44 million in FY2017. The increase was mainly due to the profits generated from the corporate advisory services business segment.

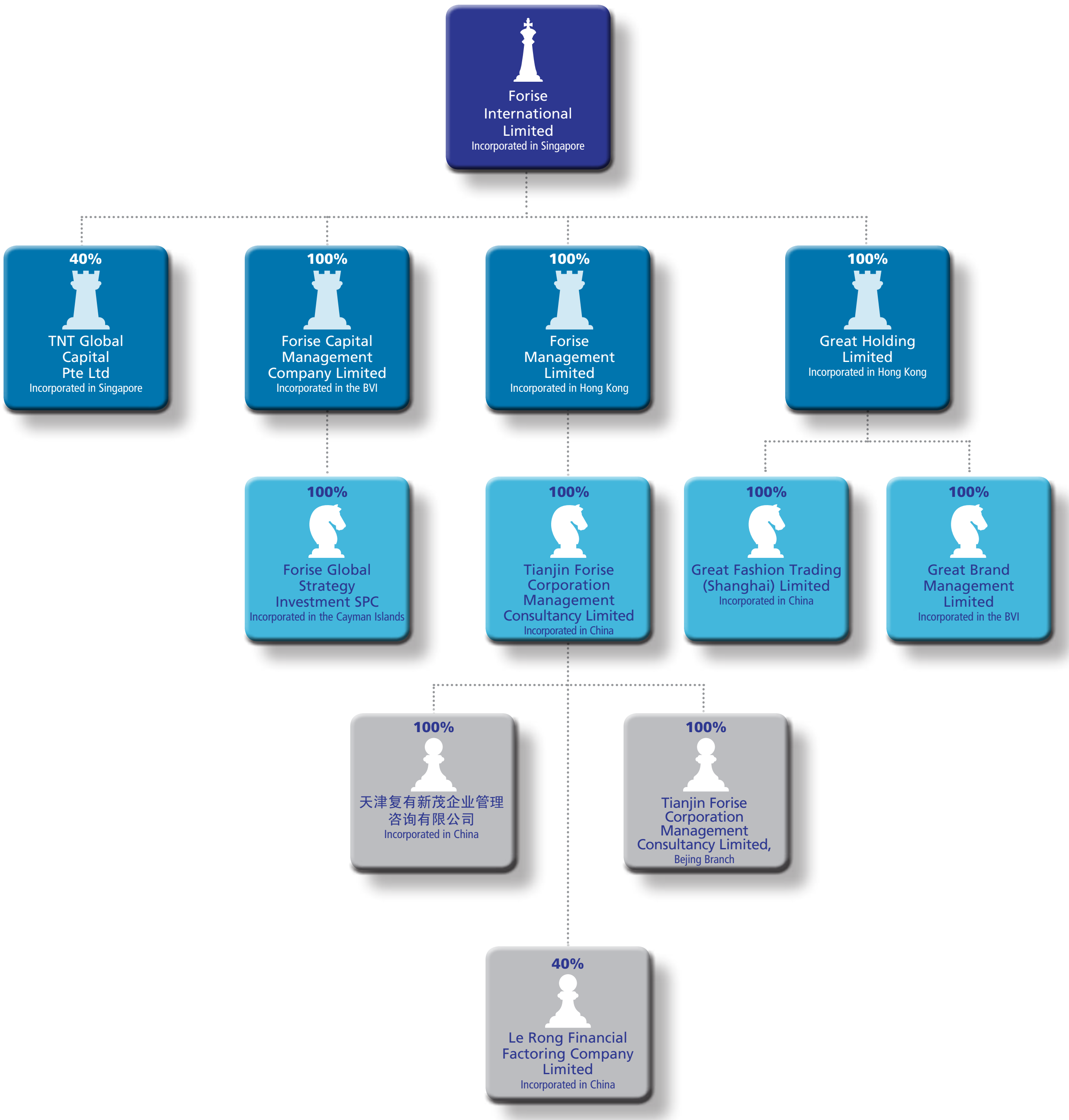
CASH FLOWS

The Group generated net cash flows from operating activities of RMB4.16 million in FY2017. This was mainly due to the reduction in both trade and other receivables as well as trade and other payables offset against the operating profits for the financial year.

Net cash used in investing activities totalled RMB8.06 million in FY2017, mainly due to the investments in the joint venture and associated company and a loan to the associated company.

Consequently, cash and cash equivalents decreased by RMB3.90 million for FY2017.

GROUP STRUCTURE



BOARD OF DIRECTORS

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

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

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

MR. PENG FEI is the Non-Executive Director of our Group. He was appointed to our Board on 19 August 2015 and was last re-elected at the Company's AGM on 29 April 2016.

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

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

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

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 29 April 2016. He is responsible for executing the strategic directions set by the Board, and is also responsible for the management of the Group, including areas such as daily operation management, corporate finance, corporate governance and compliance, investments, IR&PR and develop strategic partnership with financial institutions.

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

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

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

Mr. Chong is a partner of ACH Investments Pte. Ltd., a corporate advisory firm regulated by the Monetary Authority of Singapore. He is currently the Non-Executive Chairman of Emerging Towns & Cities Singapore (formerly known as Cedar Strategic Holdings Ltd.), and an independent director of other public companies, including, GLG Corp Ltd listed on the Australian Stock Exchange and ASL Marine Holdings Ltd, listed on the Singapore Stock Exchange. Mr. Chong is also a director and/or an adviser to several private companies, significant Asian families and a regulatory branch of the Singapore Government.

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

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

BOARD OF DIRECTORS

MS. LEE KIM LIAN, JULIANA ("Ms. Lee") is our Independent Director. She was appointed to the Board on 18 June 2009 and was last re-elected at the Company's AGM on 27 April 2017.

Ms. Lee holds a Bachelor of Laws (Honours) degree from the National University of Singapore and is a member of the Singapore Institute of Directors. She has more than 20 years of experience in legal practice and is currently a director of Aptus Law Corporation, heading its corporate practice. Her main areas of practice are corporate law, corporate finance, mergers and acquisitions and venture capital. Ms. Lee currently also sits on the boards of Lee Metal Group Ltd and Nordic Group Limited, having retired from the board of PSL Holdings Limited in December 2014.

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

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

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

KEY MANAGEMENT

CHEONG YEE YANG ("Mr. Cheong") joined our Group as Finance Manager in February 2017 and has recently been appointed as 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 and the Association of Chartered Certified Accountants.

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

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

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

LIU QING ("Ms. Liu") joined our Tianjin Wholly Foreign Owned Entity ("WFOE") as Managing Director in June 2017. Ms. Liu is responsible for the project management of the corporate advisory activities of Tianjin WFOE.

Ms. Liu has over 21 years of experiences in corporate advisory services and real estate. Her work experience includes real estate exposure in various established real estate companies such as DTZ, AECOM, Savills etc where she worked as a project leader, mainly engaged in overseas listing of Chinese enterprises, acquisition of real estate projects, financing and other commercial properties assessment and investment analysis.

Prior to joining our Tianjin WFOE, she worked as the head of investment management centre with Fu Hua Investment Co., Ltd, she was mainly responsible for the fixed income, securities, investment and asset management businesses and sets up an asset management platform to optimize the integration of the Group's assets.

Ms. Liu holds a Msc Real Estate Investment and Finance from University of Reading, UK.

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

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

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

LI SHASHA ("Ms. Li") joined our Tianjin Wholly Foreign Owned Entity ("WFOE") as Head of legal in December 2016. Ms. Li is responsible for the consultancy and legal aspects of the corporate advisory activities of Tianjin WFOE.

Prior to joining our Group, Ms. Li has over 6 years legal experience working as lawyer in Jincheng Tongda & Neal (a full-service law firm in the PRC).

Ms. Li holds a Bachelor of Law (International Economic Law) and Master of Law (International Law) from University of International Business and Economics, China.

LI CHUNYING ("Ms. Li") joined our Tianjin Wholly Foreign Owned Entity ("WFOE") as Head of Human Resource in June 2017. Ms. Li is responsible for the human resource matters of Tianjin WFOE.

Prior to joining our Group, Ms. Li has over 2 years of human resource experience working in Linko HR firms.

Ms. Li holds a Master of Science in Marketing from University of Liverpool, UK.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Wang Xin *(Executive Chairman)*
Leo Peng WeiLe

Non-Executive Directors

Peng Fei
Christopher Chong Meng Tak
(Lead Independent Director)
Lee Kim Lian, Juliana
San Meng Chee

AUDIT COMMITTEE

Christopher Chong Meng Tak *(Chairman)*
Lee Kim Lian, Juliana
San Meng Chee

REMUNERATION COMMITTEE

San Meng Chee *(Chairman)*
Christopher Chong Meng Tak
Lee Kim Lian, Juliana

NOMINATION COMMITTEE

Lee Kim Lian, Juliana *(Chairman)*
Christopher Chong Meng Tak
San Meng Chee

REGISTERED AND SINGAPORE OFFICE

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

COMPANY SECRETARY

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

SHARE REGISTRAR AND SHARE TRANSFER

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

INDEPENDENT AUDITOR

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

PRINCIPAL BANKERS

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

CORPORATE GOVERNANCE, RISK MANAGEMENT AND SUSTAINABILITY REPORTS

Forise International Limited (the "**Company**") recognises the importance of a high standard of corporate governance within the Company and its subsidiaries (the "**Group**") and is committed to maintaining it. Good corporate governance establishes and maintains a legal and ethical environment, which strives to preserve and enhance the interests of all shareholders. Good corporate governance also promotes transparency and communications. This report outlines the Company's corporate governance framework and practices with specific reference to the Singapore Code of Corporate Governance 2012 (the "**Code**") and the disclosure guide developed by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") in January 2015 (the "**Guide**") for the financial year ended 31 December 2017 ("**FY2017**"). The Company has complied with the principles of the Code and Guide where appropriate. Explanations are provided where there are deviations from the Code and the Guide.

1. BOARD MATTERS

1.1 THE BOARD'S CONDUCT OF AFFAIRS

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

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

Executive Directors	
Wang Xin	Executive Chairman
Peng Weile	Executive Director
Non-Executive Directors	
Peng Fei	Non-Executive Director
Christopher Chong Meng Tak	Lead Independent Director
Lee Kim Lian, Juliana	Independent Director
San Meng Chee	Independent Director

The Board is collectively responsible for the long-term success of the Company and works with Management to achieve this objective and Management remains accountable to the Board. Apart from its statutory requirements, the Board performs the following principal functions:

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

1. BOARD MATTERS (CONTINUED)

1.1 THE BOARD'S CONDUCT OF AFFAIRS (CONTINUED)

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

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

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

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

The Board meets at least on a quarterly basis and whenever necessary to discharge their duties. Dates of the Board meetings are normally set by the Directors well in advance. In between the scheduled meetings, the Board may have ad-hoc Board meetings and/or informal discussions on matters requiring urgent attention, which would then be formally confirmed and approved by circulating resolutions in writing. Meetings of the Board and Board Committees may be conducted by way of telephone conferencing, if necessary. The Company's Constitution permits the Directors of the Company to attend meetings through the use of audio-visual communication equipment.

The number of meetings held by the Board and Board Committees and attendance for FY2017 are summarized in the table below:

	Board		AC		RC		NC	
	Nos.of meeting		Nos. of meeting		Nos. of meeting		Nos. of meeting	
Name of Director	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Wang Xin	5	5	6	–	1	–	1	–
Peng Weile	5	5	6	6	1	1	1	1
Peng Fei	5	5	6	–	1	–	1	–
Christopher Chong Meng Tak	5	5	6	6	1	1	1	1
Lee Kim Lian, Juliana	5	5	6	6	1	1	1	1
San Meng Chee	5	5	6	6	1	1	1	1

1. BOARD MATTERS (CONTINUED)

1.1 THE BOARD'S CONDUCT OF AFFAIRS (CONTINUED)

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

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

1.2 BOARD COMPOSITION AND GUIDANCE

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

The Board currently has six (6) members, comprising two (2) executive Directors, one (1) non-executive Director and three (3) Independent Directors, one (1) of whom is a female Independent Director. The Company fulfils the Code's requirement that at least one-third of the Board should comprise independent directors, and also fulfils the requirement that independent directors should make up at least half of the Board where the Chairman is not an independent director. The Board is also cognizent of the trend towards gender diversity. We may only have one female independent director, but she plays a very active and constructive role on the Board and any observer would realize she is far from being a token female director.

The criterion for independence is based on the definition given in the Code. The Code defines an independent director as one who has no relationship with the company, its related corporations, its 10% shareholders [(1)] or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment with a view to the best interests of the Company. The independence of each Director is reviewed annually by the NC in accordance with the definition of independence in the Code. The three (3) Independent Directors have confirmed their independence and that they do not have any relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of their independent judgment. The NC has also reviewed and is of the view that the three (3) Independent Directors are independent in accordance with the definition of independence in the Code.

Whilst the Company has no policy against directors serving over nine (9) years, currently there is no independent Director who has served on the Board beyond nine (9) years.

The Independent Directors provide oversight on Management performance by constructively challenging and helping to develop proposals on strategy. They monitor and review the reporting and performance of Management in meeting agreed goals and objectives. The Independent Directors meet on their own as warranted without the presence of Management.

1. BOARD MATTERS (CONTINUED)

1.2 BOARD COMPOSITION AND GUIDANCE (CONTINUED)

The Board constantly examines its size and, with a view to determining the impact of the number upon effectiveness, decides on what it considers is an appropriate size for the scope and nature of the Group's operations and for effective decision-making. The composition of the Board is reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies for effective functioning and informed decision-making.

The Board is of the view that the current Board members comprise persons whose diverse skills, experience and attributes provide for effective decision-making for the Group, taking into account the nature and scope of the Group's operations.

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
Wang Xin	19 August 2015	29 April 2016	Nil	Nil
Peng Weile	19 August 2015	29 April 2016	• SMJ International Holdings Limited	• Emerging Towns Cities Singapore Ltd (formerly known as Cedar Strategic Holdings Ltd) • Sino-Excel Energy Limited
Peng Fei(1)	19 August 2015	29 April 2016	• SMJ International Holdings Limited	Nil
Christopher Chong Meng Tak	19 August 2015	27 April 2017	• GLG Corp Ltd • ASL Marine Holdings Ltd • Emerging Towns Cities Singapore Ltd (formerly known as Cedar Strategic Holdings Ltd)	• Koon Holdings Ltd • Yingli International Real Estate Ltd • Singapore O&G Ltd
Lee Kim Lian, Juliana	18 June 2009	27 April 2017	• Lee Metal Group Ltd. • Nordic Group Ltd.	
San Meng Chee	13 March 2014	29 April 2016	• Astaka Holdings Limited	Nil

(1) Peng Fei was re-designated from Executive Director to Non-Executive Director with effect from 28 December 2017.

1.3 CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

1. BOARD MATTERS (CONTINUED)

1.3 CHAIRMAN AND CHIEF EXECUTIVE OFFICER (CONTINUED)

Mr. Wang Xin is the Executive Chairman of the Company. He is responsible for the overall management and strategic development of the Group. The Company currently does not have a CEO. As the Executive Chairman is not an Independent Director, as good corporate governance practice and to ensure that there is no concentration of power and authority vested in one individual, the Group has appointed Mr. Christopher Chong Meng Tak as the Lead Independent Director. The Lead Independent Director will be available to the shareholders where they have concerns which cannot be resolved through the normal channels of the Executive Chairman, the Financial Controller or where such contact is not possible or inappropriate. Led by the Lead Independent Director, the independent directors meet periodically without the presence of the other directors, and the Lead Independent Director provides feedback to the Chairman after such meetings.

As Executive Chairman of the Board, Mr. Wang Xin bears responsibility for the effective working of the Board. He is responsible for, amongst others, ensuring that Board meetings are held when necessary, exercising control over the quality, quantity and timeliness of information flow between the Board and Management, setting the Board meeting agenda in consultation with the Management, assisting in ensuring compliance with the Group's guidelines on corporate governance and maintaining regular dialogue with the Management on all operational matters.

1.4 BOARD MEMBERSHIP

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The NC is established for the purposes of ensuring that there is a formal and transparent process for all Board appointments and overseeing the Company's succession and leadership development plans. The NC comprises Ms. Lee Kim Lian, Juliana (Chairman), Mr. Christopher Chong Meng Tak and Mr. San Meng Chee, all of whom, including the Chairman, are independent.

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

(a) To make recommendations to the Board on the appointment of new executive and non-executive Directors, including making recommendations on the composition of the Board generally and the balance between executive and non-executive Directors appointed to the Board;
(b) To regularly review the Board structure, size and composition and make recommendations to the Board with regards to any adjustments that are deemed necessary;
(c) To determine the process for search, nomination, selection and appointment of new board members and be responsible for assessing nominees or candidates for appointment or election to the Board, determining whether or not such nominee has the requisite qualifications and whether or not he/she is independent;
(d) To determine annually whether or not a Director is independent;
(e) To ensure that all Directors would be required to submit themselves for re-nomination and re-election at regular intervals and at least once in every three years, and to recommend Directors who are retiring by rotation to be put forward for re-election;
(f) To assess whether or not a director is able to and has been adequately carrying out his/her 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.

1. BOARD MATTERS (CONTINUED)

1.4 BOARD MEMBERSHIP (CONTINUED)

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

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

The Directors submit themselves for re-nomination and re-election at regular intervals of at least once every three 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 Regulation 107**:**

(a) Peng Fei
(b) Peng Weile

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

The NC has reviewed the contribution by each Director taking into account their listed company board representations and other principal commitments. The NC has considered and taken the view that it would not be appropriate to set a limit on the number of listed company directorships that a Director may hold because directors have different capabilities, the nature of the organisations in which they hold appointments and the kind of committees on which they serve are of different complexities, and accordingly, each Director would personally determine the demands of his or her competing directorships and obligations and assess the number of directorships they could hold and serve effectively. NC has, however, advised its directors that in the event a director accepts appointment on more than six (6) listed companies, such director needs to explain to NC in writing that he can discharge his obligations to the Company. None of the Directors currently serve on more than six (6) Boards. NC is of the view that sufficient time and attention to the affairs of the Company has been given by these Directors and is satisfied that all Directors have discharged their duties adequately for FY2017. The Board has no alternate directors.

1. BOARD MATTERS (CONTINUED)

1.5 BOARD PERFORMANCE

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

Annually, the NC performs an evaluation of the overall effectiveness of the Board and the Board Committees. The evaluation process is undertaken as an internal exercise and involves Board members completing an evaluation form covering areas relating to a number of factors, including the discharge of the Board functions, access to information, participation at Board meetings and communication and guidance given by the Board to the Management.

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

The NC, having reviewed the overall performance of the Board and the Board Committees in terms of its roles and responsibilities and the conduct of its affairs as a whole, and each individual Director's performance, is of the view that the performance of the Board and each individual Director has been satisfactory. Each member of the NC has abstained from voting on any resolution and making any recommendations and/or participating in any deliberations of the NC in respect of the assessment of his performance or re-nomination as a Director. No external facilitator was used in the evaluation process.

1.6 ACCESS TO INFORMATION

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

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

1. BOARD MATTERS (CONTINUED)

1.6 ACCESS TO INFORMATION (CONTINUED)

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

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

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

2. REMUNERATION MATTERS

2.1 PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

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

The RC comprises Mr. San Meng Chee (Chairman), Mr. Christopher Chong Meng Tak and Ms. Lee Kim Lian, Juliana, all of whom, including the Chairman, are independent.

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

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

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

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

2. REMUNERATION MATTERS (CONTINUED)

2.1 PROCEDURES FOR DEVELOPING REMUNERATION POLICIES (CONTINUED)

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. No remuneration consultants were engaged by the Company in FY2017.

2.2 LEVEL AND MIX OF REMUNERATION

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

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

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

The Executive Directors have service contracts covering the terms of employment, salaries and other benefits. The Executive Directors have an employment term of not more than 3 years and remuneration package consisting of fixed salary, bonus and performance bonus linked to corporate and individual performance.

The Company's compensation framework comprises of fixed pay and short-term and long-term incentives. The Company subscribes to linking executive remuneration to corporate and individual performance, based on an annual appraisal of employees and using indicators such as core values, competencies, key result areas, performance rating, and potential of the employees. Long-term incentive schemes are put in place to motivate and reward employees and align their interests to maximise long-term shareholder value. The Forise Performance Share Scheme is administered by the RC with such discretion, powers and duties as are conferred on it by the Board. A member of the RC shall not be involved in the deliberations of the RC in respect of the grant of awards to him/her.

2.3 DISCLOSURE ON REMUNERATION

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

Given the competitive nature of the capital markets and 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.

2. REMUNERATION MATTERS (CONTINUED)

2.3 DISCLOSURE ON REMUNERATION (CONTINUED)

Details of remuneration of Directors

The breakdown of remuneration paid to or accrued to each Director for FY2017 is as follows:

Remuneration Band and Name of Director	Director Fees %[1]	Salary %	Bonus %	Total %	Total S$'000
Below S$250,000					
Wang Xin	–	80.0	20.0	100	–
Peng Weile	–	86.5	13.5	100	–
Peng Fei	–	87.4	12.6	100	–
Christopher Chong Meng Tak	100	–	–	100	70
Lee Kim Lian, Juliana	100	–	–	100	60
San Meng Chee	100	–	–	100	60

Note:

(1) The Directors' fees were approved at the Company's Annual General Meeting held on 27 April 2017.

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 FY2017 is as follows:

Key Executives Below S$250,000	Salary %	Bonus %	Other benefits %	Total %
Cheong Yee Yang	87.1	12.9	–	100
Yuen Ethan	100	–	–	100
Su Yujie	100	–	–	100
Li Shasha	100	–	–	100
Lui Qing	100	–	–	100
Li Chunying	100	–	–	100

The aggregate total remuneration paid to the top six (6) key executive personnel (who are not directors or the CEO) for FY2017 is approximately RMB1,140,000.

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 6 key management personnel.

2. REMUNERATION MATTERS (CONTINUED)

2.3 DISCLOSURE ON REMUNERATION (CONTINUED)

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

There is no employee of the Group who is an immediate family member of a Director or the CEO whose remuneration exceeded S$50,000 for FY2017.

All directors and executives (save for those who are controlling shareholders) are eligible to participate in the Forise Performance Share Scheme, details of which are set out in the Directors' Statement. As at 31 December 2017, there are no outstanding share awards granted.

3. ACCOUNTABILITY AND AUDIT

3.1 ACCOUNTABILITY

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

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

Price sensitive information will be publicly released either before the Company meets with any group of investors or analysts or simultaneously with such meetings. Financial results and annual reports will also be announced or issued within legally prescribed periods.

3.2 RISK MANAGEMENT AND INTERNAL CONTROLS

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

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

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

3. ACCOUNTABILITY AND AUDIT (CONTINUED)

3.2 RISK MANAGEMENT AND INTERNAL CONTROLS (CONTINUED)

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.

In FY 2017, subsequent to the complete disposal of the remaining fixed assets and subsidiaries in the contract manufacturing business, and with the development and expansion of our corporate advisory business, the Group engaged an external professional to assist in kick-starting its Enterprise Risk Management ("**ERM**") framework, based on the framework proposed by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). The ERM framework is designed to enable Management to identify areas of significant business risks (including the operational, financial and compliance risks of key operating units in the Group) as well as to take or put in place appropriate counter measures to control and mitigate these risks.

The Group reviews all significant control policies and procedures and highlights all significant matters to the Board and the AC, being the parties primarily responsible for the governance of risk across the Group. The Group's risk profile will be reviewed by the Board and the AC annually to ensure regular assessment and update of the Group's key risks, determine appropriate risk appetite, how risks are managed and mitigated, the key persons responsible for each identified key risk and the assurance mechanism in place. This allows the Board and the AC to address on-going changes and challenges in the business environment with a view to reducing uncertainties and enhancing shareholder value.

For FY2017, 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.

Pursuant to Rule 1207(10) of the Listing Manual, based on the internal controls established and maintained by the Group, work performed pursuant to the employment of the ERM framework, work performed by the internal and external auditors and reviews performed by Management, various Board committees and the Board, the Board, with the concurrence of the AC, is of the opinion that the Group's risk management and internal controls systems addressing financial, operational, compliance and information technology risks, were adequate and effective in meeting the needs of the Group in its business environment for the financial year ended 31 December 2017.

3. ACCOUNTABILITY AND AUDIT (CONTINUED)

3.3 AUDIT COMMITTEE

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

The AC comprises Mr. Christopher Chong Meng Tak (Chairman), Ms. Lee Kim Lian, Juliana, and Mr. San Meng Chee, all of whom, including the Chairman, are independent directors.

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

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

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

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

3. ACCOUNTABILITY AND AUDIT (CONTINUED)

3.3 AUDIT COMMITTEE (CONTINUED)

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

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

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 matter identified by the independent auditors was discussed with Management and the independent auditors and reviewed by the AC.

Revenue recognition of corporate advisory business

For the financial year ended 31 December 2017, the Group's revenue generated from corporate advisory services amounted to RMB19.4 million. The revenue recognition differs based on the terms and conditions of the contracts. Revenue is recognised when the performance obligation as stipulated in the contract is satisfied at a point in time or when clients provide written acknowledgement confirming that the services have been rendered.

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

The AC has reviewed and noted that there was no non-audit services provided to the Group by the independent auditors, Messrs Nexia TS Public Accounting Corporation ("**Nexia**"), an accounting firm registered with the Accounting and Corporate Regulatory Authority. The AC had recommended the re-appointment of Nexia as independent auditors at the forthcoming AGM. The AC is satisfied that Nexia and the audit engagement team assigned to the audit have adequate resources and experience to meet its obligations. In this connection, the Company has complied with Rule 712 and 715 of the Listing Manual. The fees paid/payable to Nexia, the independent auditors, for the financial year ended 31 December 2017 was approximately S$60,000.

The AC is kept abreast of changes to accounting standards and issues which may have an impact on the financial statements, by the Management and access to professional resources.

Whistle Blowing Policy

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

3. ACCOUNTABILITY AND AUDIT (CONTINUED)

3.4 INTERNAL AUDIT

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

The Board recognises the importance of maintaining an internal audit function to provide an independent assurance over the soundness of the system of internal controls within the Group to safeguard shareholders' investments and the Company's assets.

The AC has the responsibility to review the adequacy of the internal audit function annually, review the internal audit program and ensure co-ordination between the internal auditors, independent auditors and Management, and ensure that the internal auditors meets or exceeds the standards set by nationally or internationally recognised professional bodies.

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

4. SHAREHOLDERS RIGHT AND RESPONSIBILITIES

4.1 SHAREHOLDER RIGHTS

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

In line with continuous disclosure obligations of the Company, pursuant to the Listing Manual and the Companies Act, Chapter 50 of Singapore, the Board's policy is that shareholders are informed of all major developments that impact the Group regularly and on a timely basis. The Company believes in timely, fair and adequate disclosure of relevant information to the Shareholders and investors so that they will be apprised of the developments that may have a material impact on the price or value of Company's securities. The Company does not practice selective disclosure.

4.2 COMMUNICATION WITH SHAREHOLDERS

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

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

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

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.

4. SHAREHOLDERS RIGHT AND RESPONSIBILITIES (CONTINUED)

4.2 COMMUNICATION WITH SHAREHOLDERS (CONTINUED)

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

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

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

4.3 CONDUCT OF SHAREHOLDERS' MEETINGS

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

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

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

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

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

4. SHAREHOLDERS RIGHT AND RESPONSIBILITIES (CONTINUED)

4.3 CONDUCT OF SHAREHOLDERS' MEETINGS (CONTINUED)

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

The Company Secretary records minutes of all general meetings and questions and comments from shareholders together with the responses of the Board and Management. These are available to shareholders at their request.

ADDITIONAL INFORMATION

5. MATERIAL CONTRACTS

Save as disclosed in paragraph 7 entitled Interested Party Transactions, there were no material contracts entered into by the Company or its subsidiaries involving the interests of the CEO, Directors or controlling shareholders, which are either still subsisting at the end of FY2017 or if not then subsisting, entered into since the end of the previous financial year.

6. DEALINGS IN SECURITIES

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

7. INTERESTED PERSON TRANSACTIONS

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

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

7. INTERESTED PERSON TRANSACTIONS (CONTINUED)

The aggregate value of interested person transactions for the year ended 31 December 2017 is as follows:

Name of interested person	Aggregate value of all interested person transaction during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
Services rendered by Fu Hua Investment Co. Ltd, a company which is wholly owned by Fu Hua Holdings Limited. Mr. Wang Xin, who is a Director of the Company, owns more than 30% of equity interest in Fu Hua Holdings Limited.	RMB0.40 million	N.A

The Board confirms that the above interested person transaction was entered into on an arm's length basis and on normal commercial terms and is not prejudicial to the interests of the shareholders.

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

As at 31 December 2017, the details on the utilization of proceeds for the above rights issue are as follows:

	Amount allocated	Amount allocated after the Reallocation[1]	Amount utilized up to 31 December 2017	Balance as at 31 December 2017
Intended use of Net Proceeds	S$' million	S$' million	S$' million	S$' million
To fund new potential investments and businesses through acquisitions, joint ventures and/or collaborations in businesses	6.27	4.27	(2.73)	1.54
For general working capital purposes[2]	2.50	4.50	(3.73)	0.77
Total	8.77	8.77	(6.46)	2.31

Notes:

(1) The Company had reallocated S$2.00 million out of S$8.77 million of the net proceeds for funding of new potential investments and businesses through acquisitions, joint ventures and/or collaborations in businesses to general working capital purposes. Further details can be found in the Company's announcement dated 17 August 2017.

(2) The breakdown of S$3.73 million utilized for general working capital is set out as follows:

	For general working capital purposes
	S$ million
1) Salaries	1.59
2) Rental	0.82
3) Professional fees	0.66
4) Others	0.66
Total	3.73

CORPORATE GOVERNANCE, RISK MANAGEMENT AND SUSTAINABILITY REPORTS

SUSTAINABILITY REPORT

We are committed to building a sustainable future for the Group and delivering long term value and sustainable returns to all our stakeholders. Our stakeholders comprise shareholders, customers, employees, suppliers and service providers, regulatory authorities, bankers and the community.

While we continue to gear up for better profitability prospects and long-term growth, we continuously seek better avenues to intergrate our sustainability efforts into the core of our daily operations. We believe this will create lasting value for all our stakeholders.

Our Sustainability Report will be prepared in accordance with the Global Reporting Initiative ("GRI") G4 reporting guidelines, at Core level. Corresponding to G4's emphasis on materiality, the report will highlight the key environmental, social and governance related initiatives carried throughout the 12-months period, from 1 January to 31 December 2017.

Our Sustainability Report will be published in our Company's website at: www.foriseinternational.com, and we welcome feedback from our stakeholders with regards to our sustainability efforts as this enables us to improve our policies, systems and results.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2017 and the balance sheet of the Company as at 31 December 2017.

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 40 to 94 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 2017 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

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

Directors

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

Mr Wang Xin
Mr Peng Fei
Mr Peng Weile
Mr Christopher Chong Meng Tak
Ms Lee Kim Lian, Juliana
Mr San Meng Chee

Arrangements to enable directors to acquire shares and debentures

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

Directors' interests in shares or debentures

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

	Holdings registered in name of director or nominee			Holdings in which director is deemed to have an interest		
	At 21.1.2018 ('000)	At 31.12.2017 ('000)	At 1.1.2017 ('000)	At 21.1.2018 ('000)	At 31.12.2017 ('000)	At 1.1.2017 ('000)
Company						
(No. of ordinary shares)						
Mr Wang Xin	–	–	–	1,132,148	1,132,148	1,130,500

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

The directors' interests in the ordinary shares of the Company as at 21 January 2018 were the same as those as at 31 December 2017.

Performance share plan

Forise Performance Share Scheme

The Forise Performance Share Scheme (the "PSS" or the "Plan") for Executive Directors, Non-Executive Directors (including Independent Directors) and employees of the Group was approved by members of the Company at an Extraordinary General Meeting on 18 June 2009. The PSS is administered by the Remuneration Committee of the Company, comprising three independent directors of the Company, namely, San Meng Chee (Chairman), Christopher Chong Meng Tak and Lee Kim Lian, Juliana. The purpose of the PSS is to provide an opportunity for Directors (including Non-Executive and Independent Directors) and employees of the Group, who have met performance targets, to be remunerated not just through cash bonuses but also by an equity stake in the Company so as to motivate them to greater dedication, loyalty and higher standards of performance, and to give recognition to those who have contributed to success and development of the Company and of the Group.

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

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

No participant was granted shares award for the financial years ended 31 December 2017 and 2016.

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

Share options

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

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

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

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

Audit committee

The members of the Audit Committee at the end of the financial year and at the date of this statement were as follows:

Mr Christopher Chong Meng Tak (Chairman)
Mr San Meng Chee
Ms Lee Kim Lian, Juliana

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

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

– reviewed the audit plan of the Company's independent auditor and any recommendation on internal accounting controls arising from the statutory audit;

– reviewed the assistance given by the Company's management to the independent auditor;

– reviewed the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2017, as well as the independent auditor's report on the balance sheet of the Company and the consolidated financial statements of the Group;

– reviewed the quarterly, half-yearly and annual announcements as well as the related press releases on the results and financial position of the Company and of the Group;

– met with the independent auditor and other committees in separate sessions to discuss any matters that believe should be discussed privately with the Audit Committee;

– evaluated the quality of the works performed by the independent auditor of the Company;

– reviewed the re-appointment of the independent auditor of the Company; and

– reviewed the interested person transactions (as defined in Chapter 9 of the SGX-ST Listing Manual).

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

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

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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

Peng Fei
Director

3 April 2018

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 2017, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 40 to 94.

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 Financial Reporting Standards in Singapore ("FRSs") 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 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

Revenue recognition of corporate advisory business

Area of focus

For the financial year ended 31 December 2017, the Group's revenue generated from corporate advisory services amounted to RMB19.4 million. The revenue recognition differs based on the terms and conditions of the contracts. This requires the management judgement to identify the point of revenue recognition which have a significant impact on the results of the Group. Hence, we considered this as a key area of focus in our audit.

In accordance with FRS18 – Revenue, revenue is recognised when the outcome of a transaction involving the rendering of services can be estimated reliably. The management considers that the point of recognition happens when the performance obligation as stipulated in contract is satisfied at a point in time or when clients provide written acknowledgement confirming that the services have been rendered. The full 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 of corporate advisory business (continued)

How our audit addressed the area of focus

In obtaining sufficient audit evidence, we:

- understood, evaluated and validated the operating effectiveness of key controls over the sales cycle;
- reviewed the terms and conditions of contracts, and discussed with management, to assess the appropriateness of revenue recognition in accordance with the applicable accounting standard;
- checked that the Group's revenue recognition policy was consistently applied within the Group; and
- performed substantive testing to verify revenue recognised, including sales cut-off procedures and review of credit notes to ensure that revenue is recognised in the correct financial year.

Other Information

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FORISE INTERNATIONAL LIMITED

Report on the Audit of the Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FORISE INTERNATIONAL LIMITED

Report on the Audit of the Financial Statements (continued)

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

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

Report on Other Legal and Regulatory Requirements

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

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

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Singapore

3 April 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	2017 RMB'000	2016 RMB'000
Continuing operations			
Revenue	4	**19,389**	5,042
Other income	5	**392**	269
Other gains, net	6	**208**	253,181
Expenses			
– Consultancy charges		**(1,931)**	(923)
– Depreciation	18	**(48)**	(42)
– Directors' fee	27(ii)	**(929)**	(912)
– Employee compensation	7	**(3,831)**	(980)
– Professional fees		**(2,709)**	(868)
– Rental on operating leases		**(3,016)**	(896)
– Finance – bank charges		**(12)**	(1)
– Other		**(1,254)**	(761)
Total expenses		**(13,730)**	(5,383)
Share of loss of a joint venture	17	**(640)**	–
Share of loss of an associated company	16	**(25)**	–
Profit before income tax		**5,594**	253,109
Income tax expense	8	**(3,121)**	(260)
Net profit		**2,473**	252,849
Discontinued operations			
(Loss)/profit from discontinued operations, net of tax	9	**(926)**	36,650
Total profit		**1,547**	289,499
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation			
– Gain	22	**–**	118
Items that will not be reclassified subsequently to profit or loss:			
Reversal of restructuring reserve on disposal of subsidiary corporations		**–**	(114,040)
Other comprehensive loss, net of tax		**–**	(113,922)
Total comprehensive income		**1,547**	175,577
Profit attributable to:			
– Equity holders of the Company		**1,547**	289,499
Profit/(loss) attributable to equity holders of the Company relates to:			
– Profit from continuing operations		**2,473**	252,849
– (Loss)/profit from discontinued operations		**(926)**	36,650
		1,547	289,499
Total comprehensive income attributable to:			
– Equity holders of the Company		**1,547**	175,577
Earnings/(losses) per share from continuing and discontinued operations attributable to equity holders of the Company (RMB cents per share)	10		
– Basic earnings/(losses) per share			
– Continuing operations		**0.11**	11.87
– Discontinued operations		**(0.04)**	1.72
– Diluted earnings/(losses) per share			
– Continuing operations		**0.11**	11.87
– Discontinued operations		**(0.04)**	1.72

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

BALANCE SHEETS
AS AT 31 DECEMBER 2017

	Note	Group		Company	
		2017 RMB'000	2016 RMB'000	2017 RMB'000	2016 RMB'000
ASSETS					
Current assets					
Cash and cash equivalents	11	**34,957**	38,857	**21,218**	25,146
Trade and other receivables	12	**8,595**	20,797	**4,953**	9,061
Inventories	13	**–**	12	**–**	–
Other current assets	14	**619**	589	**344**	582
		44,171	60,255	**26,515**	34,789
Non-current assets					
Investments in subsidiary corporations	15	**–**	–	**1,259**	923
Investment in an associated company	16	**1,975**	–	**–**	–
Investment in a joint venture	17	**3,282**	–	**3,282**	–
Property, plant and equipment	18	**41**	305	**38**	51
		5,298	305	**4,579**	974
Total assets		**49,469**	60,560	**31,094**	35,763
LIABILITIES					
Current liabilities					
Trade and other payables	19	**2,984**	16,284	**2,843**	1,705
Current income tax liabilities		**2,049**	1,387	**–**	–
Total liabilities		**5,033**	17,671	**2,843**	1,705
NET ASSETS		**44,436**	42,889	**28,251**	34,058
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	20	**145,320**	145,320	**145,320**	145,320
Currency translation reserve		**–**	9	**–**	–
Accumulated losses		**(100,884)**	(102,440)	**(117,069)**	(111,262)
TOTAL EQUITY		**44,436**	42,889	**28,251**	34,058

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Attributable to equity holders of the Company							
	Share capital RMB'000	**Restructuring reserve RMB'000**	**Warrant reserve RMB'000**	**Currency translation reserve RMB'000**	**Accumulated losses RMB'000**	**Total RMB'000**	**Non-controlling interests RMB'000**	**Total equity RMB'000**
2017								
Beginning of financial year	145,320	–	–	9	(102,440)	42,889	–	42,889
Reclassification	–	–	–	(9)	9	–	–	–
Total comprehensive income for the financial year	–	–	–	–	1,547	1,547	–	1,547
End of financial year	145,320	–	–	–	(100,884)	44,436	–	44,436
2016								
Beginning of financial year	145,320	114,040	674	(109)	(392,613)	(132,688)	(8)	(132,696)
Write back of warrant reserve (Note 23)	–	–	(674)	–	674	–	–	–
Profit for the financial year	–	–	–	–	289,499	289,499	–	289,499
Foreign currency translation difference	–	–	–	118	–	118	–	118
Disposal of subsidiary corporations (Note 11)	–	(114,040)	–	–	–	(114,040)	8	(114,032)
Total comprehensive income for the financial year	–	(114,040)	–	118	289,499	175,577	8	175,585
End of financial year	145,320	–	–	9	(102,440)	42,889	–	42,889

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	2017 RMB'000	2016 RMB'000
Cash flows from operating activities			
Total profit		**1,547**	289,499
Adjustments for:			
– Income tax expense	8	**3,121**	1,374
– Depreciation		**86**	72
– Gain on disposal of subsidiary corporations	11	**–**	(285,693)
– Property, plant and equipment written off		**212**	30
– Inventories written off		**6**	–
– Interest income		**(166)**	(276)
– Write-off of trade receivables		**63**	–
– Write-back of trade payables		**(190)**	–
– Unrealised currency translation losses		**(24)**	(120)
– Share of loss of a joint venture and associated company		**665**	–
– Allowance for impairment of other receivables		**–**	793
		5,320	5,679
Change in working capital, net effects from disposal of subsidiary corporations:			
– Trade and other receivables		**14,252**	(70,811)
– Inventories		**–**	230
– Other current assets		**(30)**	(187)
– Trade and other payables		**(13,110)**	65,138
Cash generated from operations		**6,432**	49
Interest received		**152**	276
Income tax (paid)/refunded		**(2,428)**	195
Net cash provided by operating activities		**4,156**	520
Cash flows from investing activities			
Disposal of subsidiary corporations, net of cash disposed of	11	**–**	(475)
Additions to property, plant and equipment	18	**(34)**	(5)
Investment in an associated company	16	**(2,000)**	–
Investment in a joint venture	17	**(3,922)**	–
Loan to associated company		**(2,100)**	–
Net cash used in investing activities		**(8,056)**	(480)
Net (decrease)/increase in cash and cash equivalents		**(3,900)**	40
Cash and cash equivalents			
Beginning of financial year		**38,857**	**38,817**
End of financial year	11	**34,957**	**38,857**

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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 2017 were authorised for issue in accordance with a resolution of the directors on 3 April 2018.

1 CORPORATE INFORMATION

Forise International Limited is listed on the Singapore Exchange Security Trading Limited ("SGX-ST") and incorporated and domiciled in Singapore. The address of its registered office is 80 Raffles Place, 11-20 UOB Plaza 2, Singapore 048624. The principal place of business is located at No. 8 Jian Guo Men Wai Avenue, IFC Building Block A, 20th Floor, Chao Yang District, Beijing, People's Republic of China ("PRC").

The principal activities of the Company is that of investment holding. The principal activities of the subsidiary corporations are disclosed in Note 15.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

The preparation of financial statements in conformity with FRS 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.

Interpretations and amendments to published standards effective in 2017

On 1 January 2017, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") 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 FRS and INT FRS.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Group accounting (continued)

(a) Subsidiary corporations (continued)

(ii) Acquisition (continued)

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

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

(iii) Disposals

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

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

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

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Group accounting (continued)

(c) Associated companies and joint ventures

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

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

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

(i) Acquisitions

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

(ii) Equity method of accounting

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

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Group accounting (continued)

(c) Associated companies and joint ventures (continued)

(iii) Disposals

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

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

2.3 Revenue recognition

Sales comprise the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Sales are presented, net of value-added tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) Rendering of services – Corporate advisory

Revenue from corporate advisory services is recognised when the performance obligation as stipulated in contract is satisfied at a point in time or when clients provide written acknowledgement confirming that the services have been rendered.

(b) Sale of trading goods – Garments

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

(c) Interest income

Interest income is recognised using the effective interest method.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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
Leasehold buildings and workshops	20 years
Furniture & fitting and office equipment	3-5 years
Machinery and equipment	5-10 years
Motor vehicles	5 years

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

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

(c) Subsequent expenditure

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

(d) Disposal

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Investments in subsidiary corporations, associated companies and joint ventures

Investments in subsidiary corporations, associated companies and joint ventures are carried at cost less accumulated impairment losses in the Company's balance sheet. 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
Investments in subsidiary corporations, associated companies and joint ventures

Property, plant and equipment, investments in subsidiary corporations, associated companies and joint ventures are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

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

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

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

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

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

2.7 Inventories

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 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.

2.9 Financial assets

(a) Classification

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

Loans and receivables

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

(b) Recognition and derecognition

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

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial assets (continued)

(c) Measurement

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

(d) Impairment

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

Loans and receivables

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 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.

People's Republic of China ("PRC")

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

(b) Performance shares

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

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

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

(c) Employee leave entitlements

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Employee compensation (continued)

(d) Profit sharing and bonus plan

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

2.11 Leases

When the Group is the lessee:

The Group leases office premises under the operating leases from non-related parties.

Operating leases

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

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

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

2.12 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

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

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

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Income taxes (continued)

Deferred income tax is measured:

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

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

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

2.13 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.

2.14 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"). 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.

(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. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Currency translation (continued)

(b) Transactions and balances (continued)

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

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

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

(c) Translation of Group entities' financial statements

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

(i) Assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) All resulting currency translation differences are recognised in the comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

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

2.15 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.

2.16 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Dividends to Company's shareholders

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

2.18 Fair value estimation of financial assets and liabilities

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.19 Segment reporting

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

2.20 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 acquired exclusively with a view to resale.

3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

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

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

Corporate advisory contracts

The Group recognises revenue from corporate advisory contracts when the outcome of a transaction involving the rendering of services can be estimated reliably. The point of recognition happens when the performance obligation as stipulated in the contract is satisfied at a point in time or when clients provide written acknowledgement confirming that the services have been rendered.

Significant judgement is required in determining the timing at which the revenue should be recognised. In making the judgement, the Group relies on the expertise of the management to review the terms and conditions in the contracts and verify that the criteria for revenue recognition are met. The amount of revenue recognised for the financial year is disclosed in Note 4.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

4 REVENUE

	Group	
	2017 RMB'000	**2016 RMB'000**
Corporate advisory services	**19,389**	5,042

5 OTHER INCOME

	Group	
	2017 RMB'000	**2016 RMB'000**
Interest income		
– Bank deposits	**152**	269
– Loan to an associated company	**14**	–
Government grant income	**19**	–
Refund of tax from PRC Tax Authority	**207**	–
	392	269

6 OTHER GAINS, NET

	Group	
	2017 RMB'000	**2016 RMB'000**
Gain on disposal of subsidiary corporations	**–**	253,006
Currency exchange gains, net	**208**	175
	208	253,181

7 EMPLOYEE COMPENSATION

	Group	
	2017 RMB'000	**2016 RMB'000**
Salaries and bonuses	**3,136**	836
Employer's contribution to defined contribution plans, including Central Provident Fund ("CPF")	**682**	87
Other short-term benefits	**13**	57
Amounts attributable to continuing operations	**3,831**	980

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

8 INCOME TAX EXPENSE

	Group	
	2017 RMB'000	**2016 RMB'000**
Tax expense attributable to profit is made up of:		
– Profit for the financial year:		
From continuing operations		
Current income tax – PRC	**3,121**	260
From discontinued operations		
Current income tax – PRC	**–**	1,114
	3,121	1,374
Tax expense is attributable to:		
– continuing operations	**3,121**	260
– discontinued operations [Note 9(a)]	**–**	1,114
	3,121	1,374

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

	Group	
	2017 RMB'000	**2016 RMB'000**
Profit/(loss) before income tax:		
– continuing operations	**5,594**	253,109
– discontinued operations [Note 9(a)]	**(926)**	37,764
	4,668	290,873
Share of loss of associated company and joint venture, net of tax	**665**	–
Profit before tax and share of loss of associated company and joint venture	**5,333**	290,873
Tax calculated at tax rate of 25% (2016: 25%)	**1,333**	72,718
Effects of:		
– Different tax rates in other countries	**440**	(11,546)
– Expenses not deductible for tax purposes	**1,337**	662
– Income not subject to tax	**(304)**	(60,879)
– Deferred income tax assets not recognised	**205**	419
– Other	**110**	–
Tax charge	**3,121**	1,374

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

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

8 INCOME TAX EXPENSE (CONTINUED)

The Group has unrecognised tax losses of approximately RMB2,099,000 (2016: RMB3,699,000) as at end of reporting year which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses in their respective countries of incorporation. Unrecognised tax losses of approximately RMB1,600,000 brought forward from 31 December 2016 was expired during the financial year.

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

9 DISCONTINUED OPERATIONS

The garment trading business has been increasingly challenging due to changing competitive conditions in this industry, the weakening demand in both the PRC and the global market, and trade protectionism. In view of the high risk and low reward profile of the garment trading business, the management has decided to cease this business operation in August 2017.

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

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

	Group	
	2017 RMB'000	**2016 RMB'000**
Revenue	**2,718**	86,231
Other income	**–**	6
Waiver of intercompany balances (Note 11)	**–**	32,687
Currency exchange (loss)/gain	**(595)**	196
Expenses		
– Purchase of trading goods	**(2,664)**	(77,511)
– Depreciation	**(38)**	(30)
– Employee compensation	**–**	(1,222)
– Professional fees	**(247)**	–
– Rental on operating lease	**–**	(877)
– Finance	**(5)**	(3)
– Other operating expenses	**(95)**	(1,713)
(Loss)/profit before income tax from discontinued operations	**(926)**	37,764
Income tax expense	**–**	(1,114)
(Loss)/profit for the financial year from discontinued operations	**(926)**	36,650

In accordance to FRS105 – Non-current Assets Held for Sale and Discontinued Operations, the corresponding financial result in the preceding financial year 2016 has been re-presented in the above. The profits of the discontinued operations during the financial year ended 31 December 2016 arose as a result of the cessation of operations of Great Holding Limited and its subsidiary corporations in August 2017.

9 DISCONTINUED OPERATIONS (CONTINUED)

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

	Group	
	2017 RMB'000	2016 RMB'000
Operating cash (outflow)/inflows, representing total cash (outflows)/inflows	**(4,069)**	3,981

10 EARNINGS/(LOSSES) PER SHARE

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

Warrants have not been included in the calculation of diluted losses per share because they are anti-dilutive.

		Group	
	Continuing operations	Discontinued operations	Total
2017			
Net profit/(loss) attributable to equity holders of the Company (RMB'000)	**2,473**	**(926)**	**1,547**
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**2,130,000**	**2,130,000**	**2,130,000**
Weighted average number of ordinary shares outstanding for diluted earnings per share ('000)	**2,130,000**	**2,130,000**	**2,130,000**
Basic earnings/(loss) per share (RMB cents)	**0.11**	**(0.04)**	**0.07**
Diluted earnings/(loss) per share (RMB cents)	**0.11**	**(0.04)**	**0.07**
2016			
Net profit attributable to equity holders of the Company (RMB'000)	252,849	36,650	289,499
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	2,130,000	2,130,000	2,130,000
Weighted average number of ordinary shares outstanding for diluted earnings per share ('000)	2,130,000	2,130,000	2,130,000
Basic earnings per share (RMB cents)	11.87	1.72	13.59
Diluted earnings per share (RMB cents)	11.87	1.72	13.59

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

11 CASH AND CASH EQUIVALENTS

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Cash at bank and on hand	**14,203**	5,983	**464**	447
Cash held-in-trust	**–**	3,369	**–**	–
Short-term bank deposits	**20,754**	29,505	**20,754**	24,699
	34,957	38,857	**21,218**	25,146

Disposal of subsidiary corporations

On 6 April 2016, the Company entered into a Sale and Purchase Agreement ("SPA") with Weng Wenwei ("Purchaser") to dispose its subsidiary corporations for a cash consideration of SGD1. The sales of all its interests relates to the following subsidiary corporations ("Disposal Group"):

– Grandus Pte Ltd
– Fujian Great Fashion Industry Co., Ltd
– Quanzhou Great Garments Co., Ltd
– Great (Hong Kong) Limited
– Grixpro Trading (Xiamen) Co., Ltd
– Great (Fujian) Textile Technology Co., Ltd
– Great Worldwide (Trading) Limited
– 3W Life Investment Pte Ltd
– Fashvacation Pte Ltd
– 183Art Media Pte Ltd
– 183Art Media (Xiamen) Co., Ltd

In accordance with the contractual terms in the SPA, all parties have agreed that all risks and rewards will be transferred to the Purchaser effective from 1 January 2016. The SPA was approved and passed by the shareholders at the Extraordinary General Meeting held on 18 August 2016 and the disposal has been completed in December 2016.

11 CASH AND CASH EQUIVALENTS (CONTINUED)

Disposal of subsidiary corporations (continued)

Upon signing the SPA, the Group has deconsolidated the Disposal Group from 6 April 2016 resulting from the loss of control over the Disposal Group because the Group is neither exposed to, nor has rights to, variable returns from its involvement with the entities and has no ability to affect those returns through its power over the entities.

Notwithstanding the fact that the loss of control was on 6 April 2016, in accordance with the contractual terms in the SPA, the risks and rewards of the Disposal Group have been transferred to the Purchaser effective from 1 January 2016, consequently, the financial results of the Disposal Group for the period from 1 January 2016 to 6 April 2016 will be transferred to the Purchaser.

The effects of the disposal on the cash flows of the Group were:

	Group 2016 RMB'000
Carrying amounts of assets and liabilities disposed of on 6 April 2016	
Cash and cash equivalents	34,887
Trade and other receivables	51,354
Other current assets	1,297
Inventories	10,707
Property, plant and equipment	36,633
Intangible assets	15,520
Derivative financial assets	439
Total assets	150,837
Trade and other payables	(58,584)
Tax payables	(5,201)
Borrowings	(208,087)
Total liabilities	(271,872)
Net liabilities disposed of	(121,035)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

11 CASH AND CASH EQUIVALENTS (CONTINUED)

Disposal of subsidiary corporations (continued)

The aggregate cash outflows arising from the disposal of subsidiary corporations were:

	Group 2016 RMB'000
Net liabilities disposed of (as above)	(121,035)
Less: Restructuring reserve derecognised (Note 21)	(114,040)
Less: Payables waived#	(53,210)
Loss after income tax transferred to Purchaser for the period from 1 January 2016 to 6 April 2016	2,592
Gain on disposal	
– Continuing operations (Note 6)	253,006
– Discontinued operations – waiver of intercompany balances (Note 9)	32,687
Cash proceeds from disposal	–*
Net cash and cash equivalents transferred@	34,412
Less: Cash and cash equivalents in subsidiary corporations disposed of	(34,887)
Net cash outflows on disposal of subsidiary corporations	(475)

* Less than RMB1,000

\# In accordance with the contractual terms in the SPA, the Purchaser has agreed that all amounts payable to the Disposal Group are waived upon completion of the SPA.

@ Being cash and cash equivalents transferred to the Purchaser in accordance with the contractual terms in the SPA that all parties have agreed that all risks and rewards will be transferred to the Purchaser effective from 1 January 2016.

12 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017 RMB'000	2016 RMB'000	2017 RMB'000	2016 RMB'000
Trade receivables				
– Non-related parties	**6,488**	24,526	**–**	–
Less: Allowance for impairment of trade receivables – Non-related parties [Note 26(b)(ii)]	**–**	(3,761)	**–**	–
Trade receivables – net	**6,488**	20,765	**–**	–
Non-trade receivables				
– Non-related parties	**7**	825	**1**	–
Less: Allowance for impairment of non-trade receivables – Non-related parties [Note 26(b)(ii)]	**–**	(793)	**–**	–
	7	32	**1**	–
– Subsidiary corporations	**–**	–	**4,952**	9,061
Loan to an associated company	**2,100**	–	**–**	–
	8,595	20,797	**4,953**	9,061

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

The loan to an associated company by one of the subsidiary corporations is unsecured, bears an interest rate of 8% per annum and will be repayable in full on 30 November 2018.

13 INVENTORIES

	Group	
	2017 RMB'000	**2016 RMB'000**
Finished goods	**–**	12
	–	12

The Group recognised a write-down in inventories of approximately RMB6,000 (2016: Nil) in the statement of comprehensive income. The write-down was recognised for the inventories from the garment trading business which ceased for operation in August 2017.

14 OTHER CURRENT ASSETS

	Group		Company	
	2017 RMB'000	**2016 RMB'000**	**2017 RMB'000**	**2016 RMB'000**
Refundable deposits	**342**	417	**319**	410
Prepayments	**277**	172	**25**	172
	619	589	**344**	582

15 INVESTMENTS IN SUBSIDIARY CORPORATIONS

	Company	
	2017 **RMB'000**	**2016** **RMB'000**
Equity investments at cost:		
Beginning of financial year	**2,980**	209,975
Additions[a]	**336**	923
Disposal of subsidiary corporations[b]	**–**	(207,918)
End of financial year	**3,316**	2,980
Less: Allowance for impairment		
Beginning of financial year	**2,057**	209,975
Disposal of subsidiary corporations[b]	**–**	(207,918)
End of financial year	**2,057**	2,057
Carrying amount		
End of financial year	**1,259**	923

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

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

On 13 January 2016, the Company incorporated a wholly-owned subsidiary corporation, Forise Management Limited, in Hong Kong with paid-up capital of Hong Kong Dollar ("HKD")10,000 which is equivalent to RMB8,000. On 10 March 2016, new shares were allotted and issued to the Company resulting in the total paid-up capital increasing from HKD10,000 (approximately RMB8,000) to HKD1,100,000 (approximately RMB923,000).

(b) On 6 April 2016, the Group entered into a SPA to dispose its manufacturing operations which relates to the sale of all its interests in certain subsidiary corporations. Please refer to Notes 9 and 11 for details.

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 entities under this business segment are currently in the process of deregistration as at the report date.

NOTES TO THE FINANCIAL STATEMENTS

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15 INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

The Group had the following subsidiary corporations as at 31 December 2017 and 2016:

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	
			2017 %	2016 %	2017 %	2016 %
Held by the Company						
Forise Management Limited[b]	Investment holding	Hong Kong	**100**	100	**–**	–
Forise Capital Management Company Limited[c][f]	Provision of investment and other financial advisory services	British Virgin Islands	**100**	–	**–**	–
Great Holding Limited[b][e]	Sale and distribution of garments and apparel production	Hong Kong	**100**	100	**–**	–
Held by Forise Management Limited						
Tianjin Forise Corporation Management Consultancy Limited[a]	Provision of corporate advisory and management consulting services	The People's Republic of China	**100**	100	**–**	–
Held by Forise Capital Management Limited						
Forise Global Strategy Investment SPC[c][f]	Segregated portfolio company	Cayman Islands	**100**	–	**–**	–
Held by Great Holding Limited						
Great Fashion Trading (Shanghai) Limited[c][e]	Trading of clothes, import and export activities	The People's Republic of China	**100**	100	**–**	–
Great Brand Management Limited[c][e]	Brand management and operation	The British Virgin Islands	**100**	100	**–**	–

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15 INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

The Group had the following subsidiary corporations as at 31 December 2017 and 2016: (continued)

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by the parent and the Group		Proportion of ordinary shares held by non-controlling interests	
			2017 %	2016 %	2017 %	2016 %
Held by Tianjin Forise Corporation Management Consultancy Limited						
Tianjin Forise Corporation Management Consultancy Limited, Beijing Branch[a]	Provision of corporate advisory and management consulting services	The People's Republic of China	100	–	–	–
天津复有新茂企业管理咨询有限公司[c][d]	Provision of corporate advisory and management consulting services	The People's Republic of China	100	–	–	–

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

(b) Audited by SBC International. Audit procedures performed for significant line items by Nexia TS Public Accounting Corporation, Singapore, for consolidation purposes.

(c) Scope-out for consolidation purpose as the impact is insignificant to the Group.

(d) Newly incorporated during the financial year. The auditors have not been appointed as at financial year end.

(e) The trading group is in the process of deregistration.

(f) Newly incorporated during the financial year. Not required to be audited under laws of the country of incorporation.

Significant restrictions

Cash and short-term deposits of RMB13,668,000 (2016: RMB2,892,000) are held in the PRC and are subject to local exchange control regulations. These local exchange control regulations provide for restrictions on exporting capital from the country, other than through normal dividends.

16 INVESTMENT IN AN ASSOCIATED COMPANY

	Group	
	2017 **RMB'000**	**2016** **RMB'000**
Interests in an associated company		
Beginning of financial year	**–**	–
Addition	**2,000**	–
Share of loss of an associated company	**(25)**	–
End of financial year	**1,975**	–

Set out below are the associated company of the Group as at 31 December 2017. The associated company as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group; the country of incorporation is also their principal place of business.

Name of associated company	Principal activities	Country of incorporation	Equity holding	
			2017	**2016**
Held by Tianjin Forise Corporation Management Consultancy Limited				
Le Rong Financial Factoring Company Limited	Provision of commercial factoring services	The People's Republic of China	**40%**	–

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

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

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

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

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16 INVESTMENT IN AN ASSOCIATED COMPANY (CONTINUED)

Set out below are the summarised financial information for Le Rong Financial Factoring Company Limited

Summarised statement of comprehensive income

	2017 RMB'000
Revenue	**146**
Expenses	
Includes:	
– Consultancy charges	**(121)**
– Professional	**(75)**
– Finance	**(13)**
Loss before income tax	**(63)**
Income tax	**–**
Total comprehensive loss	**(63)**

Summarised balance sheet

	2017 RMB'000
Current assets	
Includes:	
– Cash and cash equivalents	**33**
– Trade and other receivables	**4,030**
Current liabilities	
Includes:	
– Other payables	**(27)**
– Borrowings	**(2,100)**
Net liabilities	**1,936**

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.

	2017 RMB'000
Net assets	
At 1 June	**–**
Loss for the year	**(63)**
At 31 December	**(63)**
Interest in associated company (40%)	**(25)**
Goodwill	**2,000**
Carrying value	**1,975**

NOTES TO THE FINANCIAL STATEMENTS

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17 INVESTMENT IN A JOINT VENTURE

	Group and Company	
	2017 RMB'000	2016 RMB'000
Interests in joint venture		
Beginning of financial year	–	–
Addition	3,922	–
Share of profit of joint venture	(640)	–
End of financial year	3,282	–

Details of the joint ventures are as follows:

Name of joint venture	Principal activities	Country of incorporation	% of ownership interest 2017	2016
TNT Global Capital Pte Ltd	Provision of fund management services	Singapore	40	–

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

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

The Group's joint arrangements are structured as limited companies and partnership such that the Group and the parties to the arrangements have the rights to the net assets of the limited companies and partnership under the arrangements. Therefore, these arrangements are classified as joint ventures.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

17 INVESTMENT IN A JOINT VENTURE (CONTINUED)

Summarised financial information for joint ventures

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

Summarised statement of comprehensive income

	2017 RMB'000	2016 RMB'000
Revenue	–	–
Expenses		
– Office rental	(44)	–
– Salaries and bonus	(1,350)	–
– Travelling	(8)	–
– Professional fees	(26)	–
– Directors' fees	(162)	–
– Others	(10)	–
Loss before income tax	(1,600)	–
Income tax	–	–
Total comprehensive loss	(1,600)	–

Summarised balance sheet as at 31 December

	2017 RMB'000	2016 RMB'000
Current assets		
Includes:		
– Cash and cash equivalents	1,924	–
– Prepayment	7	–
Current liabilities		
Includes		
– Other payables	(23)	–
Net assets	1,908	–

17 INVESTMENT IN A JOINT VENTURE (CONTINUED)

Reconciliation of summarised financial information

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

	2017 RMB'000	2016 RMB'000
2017		
Beginning of financial year	–	–
Addition	3,922	–
Group's share of comprehensive loss	(640)	–
End of financial year	3,282	–

18 PROPERTY, PLANT AND EQUIPMENT

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

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18 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Machinery and equipment RMB'000	Leasehold buildings and workshops RMB'000	Furniture & fitting and office equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
Group					
2016					
Cost					
Beginning of financial year	145	168,043	4,881	2,633	175,702
Reclassification	–	(929)	929	–	–
Additions	–	–	5	–	5
Disposal of subsidiary corporations	(145)	(166,511)	(4,881)	(2,633)	(174,170)
Write-off	–	–	(41)	–	(41)
End of financial year	–	603	893	–	1,496
Accumulated depreciation and impairment					
Beginning of financial year	145	130,646	4,881	2,309	137,981
Reclassification	–	(734)	734	–	–
Depreciation charge:					
– continuing operations	–	–	42	–	42
– discontinued operations	–	666	–	50	716
Transfer to Purchaser	–	(636)	–	(50)	(686)
Disposal of subsidiary corporations	(145)	(129,516)	(4,881)	(2,309)	(136,851)
Write-off	–	–	(11)	–	(11)
End of financial year	–	426	765	–	1,191
Net book value					
End of financial year	–	177	128	–	305

18 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Furniture & fitting and office equipment RMB'000
Company	
2017	
Cost	
Beginning of financial year	**122**
Addition	**34**
End of financial year	**156**
Accumulated depreciation	
Beginning of financial year	**71**
Depreciation charge	**47**
End of financial year	**118**
Net book value	
End of financial year	**38**
2016	
Cost	
Beginning of financial year	163
Write-off	(41)
End of financial year	122
Accumulated depreciation	
Beginning of financial year	41
Depreciation charge	41
Write-off	(11)
End of financial year	71
Net book value	
End of financial year	51

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

19 TRADE AND OTHER PAYABLES

	Group		Company	
	2017 RMB'000	**2016 RMB'000**	**2017 RMB'000**	**2016 RMB'000**
Trade payables				
– Non-related parties	**360**	14,423	**–**	–
Accrued operating expenses				
– Salaries and wages	**182**	89	**182**	89
– Professional fees	**312**	792	**292**	792
– Directors' fees	**462**	456	**462**	456
– Others	**296**	63	**202**	–
	1,252	1,400	**1,138**	1,337
Value-added tax payables	**341**	–	**–**	–
Non-trade payables				
– Non-related parties	**1,031**	8	**–**	–
– Related party	**–**	453	**–**	368
– Subsidiary corporations	**–**	–	**1,705**	–
	1,031	461	**1,705**	368
	2,984	16,284	**2,843**	1,705

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

20 SHARE CAPITAL

	No. of ordinary shares	**Amount RMB'000**
Group and Company		
2017 and 2016		
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.

21 RESTRUCTURING RESERVE

Business combination involving entities under common control are accounted for under the "pooling-of-interest" method. The acquisitions of the subsidiary corporations by the Company were pursuant to the Restructuring Exercise in connection with the listing of the Company on the SGX-ST.

The restructuring reserve represents the differences between the cost of investment and nominal value of share capital of the merged subsidiary corporations. The restructuring reserve is non-distributable.

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22 CURRENCY TRANSLATION RESERVE

	Group	
	2017 **RMB'000**	**2016** **RMB'000**
Beginning of financial year	**9**	(109)
Net currency translation differences of financial statements of foreign subsidiary corporations	**–**	118
Reclassified to accumulated losses	**(9)**	–
End of financial year	**–**	9

23 WARRANT RESERVE

On 20 May 2013, the Company issued 30,000,000 warrants at an issue price of SGD0.005 for each warrant for a total of SGD150,000 (approximately RMB727,000). Each warrant carries the right to subscribe for one new ordinary share in the capital of the Company at an exercise price of SGD0.075 for each new share totalling SGD2,250,000 (approximately RMB10,439,000), on the basis of one warrant for one share of the Company, subject to adjustments in accordance with the terms and conditions of the Warrants. Subsequently, following the renounceable non-underwritten rights issue, the number of Warrants was adjusted from 30,000,000 to 128,000,000, to be exercised at an exercise price of SGD0.0176 for each New Share.

The value of the warrants is credited as a reserve in equity under warrant reserve and an appropriate amount is transferred to the share capital as and when the warrants are exercised. The warrant exercise period starts from 1 January 2014 and expires on 18 July 2016.

On 6 November 2015, the warrant holder SAPO Investment Pte Ltd ("SAPO") had exercised 10,000,000 warrants of SGD0.0176 per warrant and the Company has issued 10,000,000 ordinary shares to SAPO for the warrants exercised.

The warrant reserve is non-distributable and the number of warrants outstanding as at 31 December 2015 was 118,000,000.

During the financial year ended 31 December 2016, the warrant reserve of RMB674,000 has been reclassified to accumulated losses upon expiration of the warrants.

24 ACCUMULATED LOSSES

Movement in accumulated losses of the Company is as follows:

	Company	
	2017 **RMB'000**	**2016** **RMB'000**
Beginning of financial year	**(111,262)**	**(243,702)**
Net (loss)/profit – continuing operations	**(5,807)**	**132,440**
End of financial year	**(117,069)**	**(111,262)**

25 COMMITMENTS

Operating lease commitments – where the Group and the Company are the lessees

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

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

	Group and Company	
	2017 **RMB'000**	**2016** **RMB'000**
Not later than one year	**3,230**	1,170
More than one year	**3,313**	–
	6,543	1,170

26 FINANCIAL RISK MANAGEMENT

Financial risk factors

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

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

(a) Market risk

(i) Currency risk

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

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

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:

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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)

	RMB RMB'000	USD RMB'000	SGD RMB'000	HKD RMB'000	Total RMB'000
Group					
At 31 December 2016					
Financial assets					
Cash and cash equivalents	2,814	3,425	31,998	620	38,857
Trade and other receivables	1,356	19,403	–	38	20,797
Receivables from subsidiary corporations	10,745	–	–	–	10,745
Other financial assets	–	–	410	7	417
	14,915	22,828	32,408	665	70,816
Financial liabilities					
Trade and other payables	(280)	(14,233)	(1,705)	(66)	(16,284)
Payables to subsidiary corporations	(10,745)	–	–	–	(10,745)
	(11,025)	(14,233)	(1,705)	(66)	(27,029)
Net financial assets	3,890	8,595	30,703	599	43,787
Add: Net non-financial (liabilities)/assets	(223)	–	222	(897)	(898)
Net assets/(liabilities)	3,667	8,595	30,925	(298)	42,889
Currency profile including non-financial assets/ (liabilities)	3,667	8,595	30,925	(298)	42,889
Currency exposure of financial assets, net of those denominated in the respective entities' functional currencies	–	8,595	30,703	599	39,897

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)

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

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)

	RMB RMB'000	SGD RMB'000	HKD RMB'000	Total RMB'000
Company				
At 31 December 2016				
Financial assets				
Cash and cash equivalents	–	25,146	–	25,146
Other receivables	–	9,061	–	9,061
Other current assets	–	410	–	410
	–	34,617	–	34,617
Financial liabilities				
Trade and other payables	–	(1,705)	–	(1,705)
Net financial assets	–	32,912	–	32,912
Add: Net non-financial assets	–	223	923	1,146
Net assets	–	33,135	923	34,058
Currency profile including non-financial assets	–	33,135	923	34,058
Currency exposure of financial assets, net of those denominated in the Company's functional currency	–	32,912	–	32,912

26 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

If the USD, SGD and HKD change against the RMB by 6%, 1% and 7% (2016: 7%, 4% and 7%) respectively with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset position to the net profit and equity of the Group and the Company will be as follows:

	Group		Company	
	2017 RMB'000	**2016 RMB'000**	**2017 RMB'000**	**2016 RMB'000**
USD against RMB				
– Weakened	**(371)**	(451)	**(296)**	–
– Strengthened	**371**	451	**296**	–
SGD against RMB				
– Weakened	**(91)**	(921)	**(96)**	(987)
– Strengthened	**91**	921	**96**	987
HKD against RMB				
– Weakened	**–***	(31)	**–**	–
– Strengthened	**–***	31	**–**	–

** 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 by placing such balances on varying maturities and interest rate terms. As the Group has no significant interest-bearing assets, the Group's income is substantially independent of changes in market interest rates.

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

NOTES TO THE FINANCIAL STATEMENTS

26 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the Company are trade and other receivables and cash and cash equivalents. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit standing and history and obtaining cash deposits where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

Credit exposure to an individual counterparty is restricted by credit limits and terms that are approved by the Executive Director. In assessing the credit limits and terms granted, the Group considers the nature of the contract, credit-worthiness, payment history and the relationship with the customers.

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

The trade receivables of the Group comprise 3 debtors (2016: 2 debtors) that individually represented >10% of trade receivables.

The credit risk for trade receivables based on the information provided to key management is as follows:

	Group	
	2017 RMB'000	**2016 RMB'000**
By types of customers		
Non-related parties – other companies	**6,488**	20,765

	Group	
	2017 RMB'000	**2016 RMB'000**
By geographical areas		
People's Republic of China	**6,488**	1,363
Hong Kong	**–**	19,402
	6,488	20,765

(i) Financial assets that are neither past due nor impaired

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

26 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

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

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

Trade receivable – Non-related parties

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

	Group	
	2017 RMB'000	**2016 RMB'000**
Past due less than 3 months	–	4,188
Past due 3 to 6 months	–	948
Past due over 6 months	–	456
	–	5,592

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

	Group	
	2017 RMB'000	**2016 RMB'000**
Past due less than 3 months	–	19,361
Past due 3 to 6 months	–	948
Past due over 6 months	–	4,217
	–	24,526
Less: Allowance for impairment	–	(3,761)
	–	20,765
Beginning of financial year	**3,761**	160,973
Allowance made	**63**	–
Allowance written-back	–	(300)
Allowance written off	**(3,824)**	–
Disposal of subsidiary corporations	–	(156,912)
End of financial year (Note 12)	–	3,761

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

26 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

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

Other receivables – Non-related parties

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

	Group	
	2017 **RMB'000**	**2016** **RMB'000**
Past due less than 2 months	**–**	–
Past due over 2 months	**–**	32
	–	32

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

	Group	
	2017 **RMB'000**	**2016** **RMB'000**
Past due over 2 months	**793**	825
Less: Allowance for impairment	**(793)**	(793)
	–	32
Beginning of financial year	**793**	–
Allowance made	**–**	793
Allowance written off	**(793)**	–
End of financial year (Note 12)	**–**	793

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

(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	
	2017 **RMB'000**	**2016** **RMB'000**	**2017** **RMB'000**	**2016** **RMB'000**
Less than one year				
Trade and other payables	**2,984**	16,284	**2,843**	1,705

26 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) *Capital risk*

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

Management monitors capital based on a gearing ratio. The Group and the Company are not required by the banks to maintain financial ratios. The Group's and the Company's strategies, which were unchanged from 2016, 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	
	2017 RMB'000	**2016 RMB'000**	**2017 RMB'000**	**2016 RMB'000**
Net debt	**–**	–	**–**	–
Total equity	**44,436**	42,889	**28,251**	34,058
Total capital	**44,436**	42,889	**28,251**	34,058
Gearing ratio	**NM***	NM*	**NM***	NM*

**NM = Not meaningful*

The Group and the Company has no externally imposed capital requirements for the financial years ended 31 December 2017 and 2016.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

26 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Fair value measurements

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

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (is as prices) or indirectly (i.e. derived from prices) (Level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

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

(f) Financial instruments by category

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

	Group		Company	
	2017 RMB'000	**2016 RMB'000**	**2017 RMB'000**	**2016 RMB'000**
Loans and receivables	**43,894**	60,071	**26,490**	34,617
Financial liabilities at amortised cost	**2,984**	16,284	**2,843**	1,705

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:

(i) Sales and purchase of goods and services

	Group	
	2017 RMB'000	**2016 RMB'000**
Services received from other related parties	**(400)**	(800)
Services rendered to associated company	**113**	–

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

Outstanding balances arising from sale/purchase of goods and services, are unsecured and receivable/payable within 12 months from balance sheet date are disclosed in Notes 12 and 19 respectively.

27 RELATED PARTY TRANSACTIONS (CONTINUED)

(ii) Key management personnel compensation

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

	Group	
	2017 **RMB'000**	**2016** **RMB'000**
Salaries and bonus	**2,692**	2,107
Directors' fees	**929**	912
Employer's contribution to defined contribution plans including CPF	**398**	131
	4,019	3,150

Included in the above is total compensation to directors of the Company amounted to RMB2,879,000 (2016: RMB2,351,000).

28 SEGMENT INFORMATION

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

28 SEGMENT INFORMATION (CONTINUED)

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

28 SEGMENT INFORMATION (CONTINUED)

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

	Discontinued operations	Continuing operations		
2016	**Garment trading RMB'000**	**Corporate advisory RMB'000**	**All other segments RMB'000**	**Total RMB'000**
Sales				
Corporate advisory services	–	5,042	–	5,042
Sales of trading goods	86,231	–	–	86,231
	86,231	5,042	–	91,273
Interest income	6	3	266	275
Gain on disposal of subsidiary corporations	32,687	–	253,006	285,693
Currency exchange gain, net	196	4	171	371
Purchase of trading goods	(77,511)	–	–	(77,511)
Consultancy charges	–	(923)	–	(923)
Depreciation	(30)	–	(42)	(72)
Employee compensation	(1,222)	(610)	(369)	(2,201)
Directors' fee	–	–	(912)	(912)
Professional fees	–	(76)	(792)	(868)
Rental on operating leases	(877)	(438)	(457)	(1,772)
Finance	(3)	–	(1)	(4)
Other operating expenses	(1,713)	(93)	(670)	(2,476)
Profit before income tax	37,764	2,909	250,200	290,873
Income tax expense	(1,114)	(260)	–	(1,374)
Total profit	36,650	2,649	250,200	289,499
Segment assets	23,852	10,937	25,771	60,560
Segment assets includes:				
Additions to:				
– property, plant and equipment	–	5	–	5
Segment liabilities	(15,556)	(410)	(1,705)	(17,671)

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

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

28 SEGMENT INFORMATION (CONTINUED)

(a) Revenue from major products and major customers

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

(b) Geographical information

The Group's business segments generated its revenue from the following main geographical areas based on customers' locations:

	2017 RMB'000	2016 RMB'000
By geographical areas		
People's Republic of China	**19,389**	5,042

Revenue of RMB9,873,000 (2016: RMB1,942,000) are derived from a single external customer. These revenues are attributable to "Corporate advisory segment".

29 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory accounting standards and amendments to existing accounting standards that have been published and relevant for the Group's accounting periods beginning on or after 1 January 2017 which the Group has not early adopted:

- **FRS 109 Financial Instruments**

FRS 109 replaces FRS 39 Financial instruments: Recognition and Measurement and its relevant interpretations.

FRS 109 retains the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income (OCI) and fair value through Profit or Loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI (FVOCI). Gains and losses realised on the sale of financial assets at FVOCI are not transferred to profit or loss on sale but reclassified from the FVOCI reserve to retained profits.

Under FRS 109, there are no changes to the classification and measurement requirements for financial liabilities except for the recognition of fair value changes arising from changes in own credit risk. For liabilities designated at fair value through profit or loss, such changes are recognised in OCI.

FRS 109 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management uses for risk management purposes.

There is also now a new expected credit losses impairment model that replaces the incurred loss impairment model used in FRS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through OCI, contract assets under FRS 115 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts.

29 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

- **FRS 109 Financial Instruments (continued)**

The new standard also introduces expanded disclosure requirements and changes in presentation.

The Group is required to adopt a new accounting framework from 1 January 2018. The new accounting framework has similar requirements of FRS 109 and the management does not expect significant adjustments to the Group's financial statements.

- **FRS 115 Revenue from Contracts with Customers**

FRS 115 replaces FRS 11 Construction Contracts, FRS 18 Revenue, and related interpretations.

Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

Management is currently assessing the effects of applying the new standard on the Group's financial statements.

- Amendments to FRS 40: Transfers of Investment Property
- Amendments to FRS 102: Classification and Measurement of Share-based Payment Transactions
- Amendments to FRS 104: Applying FRS 109 Financial Instruments with FRS 104 Insurance Contracts
- Amendments to FRS 115: Clarifications to FRS 115 Revenue from Contracts with Customers
- Improvements to FRSs (December 2016)
  - Amendment to FRS 28 Investments in Associates and Joint Ventures
  - Amendment to FRS 101 First-Time Adoption of Financial Reporting Standards
- INT FRS 122 Foreign Currency Transactions and Advance Consideration

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

29 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

FRS 116 Leases Illustrative Examples & Amendments to Guidance on Other Standards

FRS 116 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of RMB6,543,000 (Note 25). However, the Group has yet to determine to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under FRS 116.

- Amendments to FRS 109: Prepayment Features with Negative Compensation
- Amendments to FRS 28: Long-term Interests in Associates and Joint Ventures

<u>Effective date: to be determined*</u>
- Amendments to FRS 110 and FRS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

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

The management anticipates that the adoption of the above FRS and amendments to FRS in the future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption.

30 ADOPTION OF SFRS(I)

The Singapore Accounting Standards Council has introduced a new Singapore financial reporting framework that is identical to the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The new framework is referred to as 'Singapore IFRS-identical Financial Reporting Standards' ("SFRS(I)") hereinafter.

As required by the listing requirements of the Singapore Exchange, the Group has adopted SFRS(I) on 1 January 2018 and will be issuing its first set of financial information prepared under SFRS(I) for the quarter ended 31 March 2018 in April 2018.

In adopting SFRS(I), the Group is required to apply all of the specific transition requirements in SFRS(I) equivalent of IFRS 1 First-time Adoption of IFRS. The Group will also concurrently apply new major SFRS(I) equivalents of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers.

The management does not expect significant adjustments to the Group's financial statements arising from the adoption of SFRS(I) on the Group's financial statements.

STATISTICS OF SHAREHOLDINGS

AS AT 20 MARCH 2018

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	0	0.00	0	0.00
100 – 1,000	31	4.85	13,800	0.00
1,001 – 10,000	92	14.40	608,900	0.03
10,001 – 1,000,000	440	68.86	92,620,500	4.35
1,000,001 AND ABOVE	76	11.89	2,036,756,800	95.62
TOTAL	**639**	**100.00**	**2,130,000,000**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	CITIBANK NOMINEES SINGAPORE PTE LTD	1,144,922,800	53.75
2	UOB KAY HIAN PRIVATE LIMITED	253,109,604	11.88
3	G&W INVESTMENT MANAGEMENT CO LTD	100,000,000	4.69
4	KGI SECURITIES (SINGAPORE) PTE. LTD.	96,706,200	4.54
5	DBS NOMINEES (PRIVATE) LIMITED	74,430,200	3.49
6	RAFFLES NOMINEES (PTE) LIMITED	52,182,100	2.45
7	PHILLIP SECURITIES PTE LTD	32,553,096	1.53
8	OCBC SECURITIES PRIVATE LIMITED	16,279,600	0.76
9	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	15,680,000	0.74
10	WENG WENJU	15,680,000	0.74
11	WENG JINDAO	15,280,000	0.72
12	TEOH TEIK KEE	12,500,000	0.59
13	HUANG FANGXUE	11,920,000	0.56
14	RAMESH S/O PRITAMDAS CHANDIRAMANI	10,650,300	0.50
15	LEE THIAM SENG	10,000,000	0.47
16	TAN ENG CHUA EDWIN	9,398,800	0.44
17	ABN AMRO CLEARING BANK N.V.	8,740,400	0.41
18	LOH LOK KIT	7,500,000	0.35
19	TAN WEIREN VINCENT (CHEN WEIREN VINCENT)	7,048,000	0.33
20	RHB SECURITIES SINGAPORE PTE. LTD.	6,824,600	0.32
	TOTAL	**1,901,405,700**	**89.26**

STATISTICS OF SHAREHOLDINGS

AS AT 20 MARCH 2018

SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders of the Company (as recorded in the Register of Substantial Shareholders) as at 20 March 2018.

	NO. OF ORDINARY SHARES			
NAME	DIRECT INTEREST	%	INDIRECT INTEREST	%
Wang Xin[(1)]	1,132,147,800	53.15%	–	–
Weng Wenwei[(2)]	61,500,000	2.89%	100,000,000	4.69%

Notes:

(1) On 8 March 2018, the 1,132,147,800 ordinary shares that Wang Xin was previously deemed to be interested in were registered under Wang Xin's nominee, Citibank Nominees Singapore Pte. Ltd. and held on Wang Xin's behalf.

(2) Weng Wenwei is deemed to be interested in the 100,000,000 Shares held by G&W Investment Management Co., Ltd ("G&W") by virtue of his interest in 100% of the shares in G&W. Registered in the name of DBS Nominees (Private) Limited.

FREE FLOAT

As at 20 March 2018, approximately 39.27% of the issued ordinary shares of the Company was held in the hands of the public (on the basis of information available to the Company).

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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting ("**AGM**") of Forise International Limited (the "**Company**") will be held at 4 Shenton Way SGX Centre 2 #17-01, Singapore 068807 on Friday, 27th day of April 2018 at 10.00 a.m. for the following purposes: -

AS ORDINARY BUSINESS

1. To receive and, if approved, adopt the Audited Accounts for the financial year ended 31 December 2017 together with the Directors' Statement and Independent Auditors' Report thereon.

   Resolution 1

2. To approve the payment of Directors' Fees of S$225,000 for the financial year ending 31 December 2018, to be paid quarterly in arrears (2017: S$190,000).

   Resolution 2

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

   Resolution 3

4. To re-elect Mr. Peng Weile who is retiring under Regulation 107 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

(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,

NOTICE OF ANNUAL GENERAL MEETING

provided that:

(i) without prejudice to sub-paragraph (ii) below, 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 (viii) 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 (viii) below) ("**General Limit**");

(ii) in addition to the General Limit, the aggregate number of Shares to be issued by way of renounceable rights issues on a pro rata basis ("**Renounceable Rights Issues**") shall not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (viii) below) ("**Additional Limit**");

(iii) where an issue of shares is to be issued by way of Renounceable Rights Issues, that issue shall first use the Additional Limit, and in the event that the Additional Limit has been fully used and is insufficient to satisfy that issue, that issue may use the General Limit, but only to the extent of the then remaining General Limit;

(iv) where an issue of shares is to be issued otherwise than by way of Renounceable Rights Issues, that issue may only use the General Limit, but only to the extent of the then remaining General Limit;

(v) an issue of shares that is not for a financing purpose may only use the General Limit, but the number of such shares that may be issued shall be limited to the numerical number of the then remaining Additional Limit;

(vi) the General Limit and the Additional Limit shall not, in aggregate, exceed 100 per centum (100%) of the total number of issue shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (viii) below);

(vii) no shares shall be issued pursuant to this Resolution after 31 December 2018, if on that date the aggregate number of shares (including shares to be issued in pursuant of the Instruments, made or granted pursuant to this Resolution) exceeds 50 per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (viii) below);

(viii) (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) and (ii) 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;

NOTICE OF ANNUAL GENERAL MEETING

(b) new Shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed, provided that the share options or share awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual; and

(c) any subsequent bonus issue, consolidation or subdivision of Shares;

(ix) 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

(x) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next 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
EXECUTIVE DIRECTOR
12 April 2018
SINGAPORE

Explanatory Note:

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

(ii) If re-elected under Resolution 4, Mr. Peng Weile will remain as 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 until the conclusion of the next Annual General Meeting ("**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 issue shares and convertible securities in the Company up to (i) a maximum of fifty per cent (50%) of the issued share capital of the Company (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 issued share capital of the Company) ("**General Limit**"); and (ii) additional 50% for Renounceable Rights Issues, of the total number of issued shares (excluding treasury shares) in the capital of the Company ("**Additional Limit**"), provided that the total number of shares which may be issued pursuant to (i) and (ii) shall not exceed 100% of the issued shares (excluding treasury shares) at the time Ordinary Resolution 6 is passed, after adjusting for new shares arising from conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.).

The authority for the Additional Limit is proposed pursuant to SGX-ST Practice Note 8.3 which became effective on 13 March 2017 until 31 December 2018 by which date no further shares shall be issued pursuant to this Resolution, if on that date the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) exceeds 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company ("**the Enhanced Rights Issue Limit**"). The Enhanced Rights Issue Limit is aimed at helping companies raise funds expediently for expansion activities or working capital. It is subject to the condition that the Company complies with applicable legal requirements including but not limited to provisions in the Companies Act requiring the Company to seek shareholders' approval and disclosure requirements under the Listing Manual on the use of the proceeds as and when the funds are materially disbursed and a status report on the use of proceeds in the annual report; and limitations in any existing mandate from shareholders.

The Board is of the view that the Enhanced Rights Issue Limit is in the interests of the Company and its shareholders. The Enhanced Rights Issue Limit will be exercised only if the Directors believe that to do so would be likely to promote the success of the Company for the benefit of shareholders as a whole.

NOTICE OF ANNUAL GENERAL MEETING

Notes:–

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

(b) A member of the Company who is entitled to attend and vote at the Annual General Meeting who is and who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend and vote in his stead. Where such member appoints more than one (1) proxy, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

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

(2) The instrument or form appointing a proxy, duly executed, must be deposited at the office of the Company's share registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623 not less than 48 hours before the time appointed for holding the Annual General Meeting in order for the proxy to be entitled to attend and vote at the Annual General Meeting.

(3) A member of the Company, which is a corporation, is entitled to appoint its authorized representative or proxy to vote on its behalf. A proxy need not be a member of the Company.

(4) PERSONAL DATA PRIVACY By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

FORISE INTERNATIONAL LIMITED

(Company Registration No. 200804077W)

(Incorporated in the Republic of Singapore)

IMPORTANT

1 A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see note 2 for the definition of "relevant intermediary")

2 For investors who have used their CPF monies to buy the Company's shares, this Circular is sent to them at the request of their CPF Approved Nominees solely FOR INFORMATION ONLY.

3 This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 12 April 2018.

I/We ______________________________ (Name)

of ______________________________ (Address)

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

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

*and/or

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

or failing *him/her/them, the Chairman of the Annual General Meeting of the Company as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the Annual General Meeting of the Company to be held at 4 Shenton Way SGX Centre 2 #17-01, Singapore 068807 on 27 April 2018 at 10.00 a.m. and at any adjournment thereof.

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

* Please delete accordingly

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

No.	Resolutions relating to:	For	Against
	Ordinary Business		
1.	Adoption of Audited Accounts, Directors' Statement and Independent Auditors' Report for financial year ended 31 December 2017		
2.	Payment of Directors' Fees amounting to S$225,000 for financial year ending 31 December 2018, to be paid quarterly in arrears		
3.	Re-election of Mr. Peng Fei as a Director of the Company		
4.	Re-election of Mr. Peng Weile as a Director of the Company		
5.	Re-appointment of Nexia TS Public Accounting Corporation as Independent Auditors of the Company		
	Special Business		
6.	Authority to Directors to allot and issue new shares pursuant to Section 161 of the Companies Act, Cap. 50		

Dated this __________ day of __________________ 2018.

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

____

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

IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM

Notes:

1 Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Cap 289) of Singapore), you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

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

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

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

3 The instrument appointing a proxy or proxies must be deposited at the office of the Company's share registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623 not less than 48 hours before the time appointed for the meeting.

4 Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.

5 The instrument appointing a proxy or proxies must be under the hand of the appointer or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or a duly authorised officer.

6 Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

7 A corporation that is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act (Chapter 50) of Singapore.

8 The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares against his name in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.

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Forise International Limited
80 Raffles Place,
UOB Plaza 2 #11-20
Singapore 048624
Tel: 6532 3006
Fax: 6532 3007
http://www.foriseinternational.com