FORISE INTERNATIONAL LIMITED
(Company Registration No. 200804077W)
(Incorporated in Singapore)

RESPONSE TO FURTHER QUERIES FROM THE SINGAPORE STOCK EXCHANGE SECURITIES TRADING LIMITED ("SGX-ST") ON EARLIER ANNOUNCEMENT

The Board of Directors of Forise International Limited (the "**Company**"), and together with its subsidiaries, the "**Group**") refer to the earlier 2017 Full Year Results Announcement dated 22 February 2018 (the "**Earlier Announcement**").

Unless otherwise defined, all capitalized terms herein shall have the meaning ascribed to them in the Earlier Announcement.

The Board would like to respond to the further queries raised by the SGX-ST on 23 March 2018 as follows:

SGX-ST's Query

1. On page 1 of the Full Year FY2017 results, the Company disclosed that "Share of loss of a joint venture" amounted to RMB 640,000. As the share of losses from its 40% joint venture in TNT Capital is material compared to the Company's net profit of RMB 1.5 million, please:

   (i) Explain why the joint venture loss making and provide breakdown on the significant costs incurred by the joint venture which resulted in this significant share of loss to the Company;

   Company's Response
   The joint venture is currently in the process of incorporating a fund and doing 'road shows' for fund raising. Accordingly, while there was no revenue recognised by the joint venture in FY2017, there were start up and related costs incurred.

   The breakdown of share of loss of a Joint Venture is as follow:

	FY2017
	RMB
Office rental	17,563
Marketing expenses	4,312
Salaries	540,006
Directors' fees	64,927
Professional fees	10,550
Other operating expenses	2,646
	640,004

   (ii) Disclose the revenue earned by the joint venture;

   Company's Response
   As explained above, the joint venture is currently in the process of incorporating the fund, hence no revenue was recognised by the joint venture in FY2017.

(iii) Elaborate on the financials, operations and the performance of the joint venture; and

Company's Response

Financial

As at 31 December 2017, the joint venture recorded net assets of RMB1.91 million which comprise mainly bank balances. For the financial period from 21 July 2017 to 31 December 2017, the joint venture has incurred losses of 1.60 million (as disclosed in our response 1 i) above).

Operations and performance

The joint venture is in the process of setting up a fund. The process includes working with various professionals such as legal advisers, custodians, fund administrators, tax consultants etc to incorporate the fund in the relevant jurisdiction, taking into account various considerations such as fund structure, tax and AML requirements. Concurrently, the joint venture is actively in talks with investors to gauge and engage their interests.

It is intended that the fund will be launched in second half of 2018 and will be opened for subscription by investors.

(iv) Disclose the significant factors that affected the turnover, costs and profitability of the joint venture.

Company's Response

Key factors affecting the joint venture includes whether it can successfully launch its fund in FY2018. In the event the fund is successfully launched the joint venture expects to earn management fees and, if the fund performs above a pre-agreed return, performance fees. It should be noted that current market volatility may affect the success of fund raising as investors may hold back investments. For example, until they are comfortable with or understand the risk arising from a potential trade war between the USA and China.

SGX-ST's Query

2. The Company reported a share of loss of an associated company. Please explain why the acquisition or incorporation of the associated company was not announced under Listing Rules 704 (17)(c) and Listing Rule 1010. Please disclose the necessary details where applicable.

Company's Response

The Company wishes to clarify that this "associated company" refers to Le Rong Financial Factoring Company. The Company announced the acquisition by its subsidiary, Tianjin Forise Corporation Management Limited ("**Tianjin WFOE**") of 40% equity interest of Le Rong Financial Factoring Company on 1 June 2017. In the announcement, the Company disclosed: (1) The aggregate value of the consideration, stating the factors taken into account in arriving at it and the terms of payment (pursuant to Rule 704(17)(c) and Rule 1010(3) of the Listing Manual); and (2) that no valuation was commissioned (pursuant to Rule 704(17)(c) and Rule 1010(5) of the Listing Manual).

The Company would like to further clarify in accordance with Rule 704(17)(c) and Rule 1010(3) of the Listing Manual, that the purchase consideration for the acquisition was funded by Tianjin WFOE's internal resources and paid in cash.

SGX-ST's Query

3. On page 3 of the Full Year FY2017 results, the Company disclosed "Trade and other receivables" of RMB 8.59 million. Please provide a breakdown of the "Trade and other receivables" and elaborate on the material items.

Company's Response

In addition to breakdown disclosed in page 11 and 12 of the Full Year FY2017 Results, below are further breakdown and elaboration of the material items:

		2017	
		RMB'000	
Trade receivables			
Client C (refer to response to query 6)		6,488	(i)
Other receivables (non-trade)		7	
Loan to an associated company		2,100	(ii)
		8,595	
(i) Full payment received from debtor on 15 March 2018.			
(ii) Pertain to an interest-bearing loan made to the associated company by Tianjin WFOE.			

SGX-ST's Query

4. On page 9 of the Full Year FY2017 results, the Company disclosed that "The revenue arose solely from the business of providing corporate advisory services." Please disclose:

(i) The details on how this business operates;

Company's Response
The business operations of Tianjin WFOE are to provide corporate advisory service to clients who are mainly the Fund and Investment Managers. The services provided are those of business consulting and advices for fund initiation, establishment and operations. In addition, Tianjin WFOE also provides investment portfolio planning services and investments target recommendation based on the clients' requirements (including due diligence services of the targets etc).

(ii) How many agreements were signed and what is the normal duration of such provision of services;

Company's Response
18 service agreements were signed and the normal duration of such provision of services typically ranges from 3 to 6 months.

(iii) How will the revenue be recognized and at what stages;

Company's Response
Revenue from corporate advisory services is recognized 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.

(iv) What are the terms of payment based on;

Company's Response
Terms of payment are based on the invoices issued. The payment terms range from 30 days to 90 days.

(v) Whether the revenue is usually based on the percentage of fund raised. What are the other factors taken into account;

Company's Response
Revenue based on the percentage of fund raised can be one of the factors considered in our pricing strategy. Various factors are also taken into consideration for instance, nature and scope of the corporate advisory services, market rate of similar services etc.

(vi) How many fund raising exercises have been arranged by the Company in 2017; and

Company's Response
The corporate advisory services provided by Tianjin WFOE are more on preliminary advices for setting up of private equity funds. Tianjin WFOE does not act as a fund raiser or a fund manager when setting up the funds for the clients.

(vii) The size of the funds raised.

Company's Response
Not applicable. As explained in part (vi) above, Tianjin WFOE does not act as fund raiser or fund manager when setting up funds.

SGX-ST's Query

5. The Company disclosed that Revenue from "Corporate Advisory" amounted to RMB 19.39 million. Please provide a breakdown by services rendered to SMEs, individuals, Fund and Investment Managers.

Company's Response

The breakdown by services rendered to SMEs, individuals, Fund and investment Managers is as follow:

Corporate advisory services rendered to:	2017
	RMB'000
i) Fund and Investment Managers	19,726
ii) SME	113
	19,839

SGX-ST's Query

6. The Company also disclosed on page 9 that revenue from corporate advisory services comprise also of "advise to fund and investment managers with respect to corporate actions such as pre-IPO, mezzanine financing, private equity". Please provide the names and identities of the Company's major clients.

Company's Response

In view of commercial sensitivity, the Group is of the view that full detailed disclosure of the identity of its major clients would be prejudicial to the Group's interest. Instead, a brief description of the major clients is provided as follow:

Client A - A private equity fund manager in Beijing. The corporate advisory services provided by Tianjin WFOE included business consulting for fund initiation, establishment and operations, recommendations for investment targets etc.

Client B – A private equity fund manager in Beijing. The corporate advisory services provided by Tianjin WFOE included successfully recommended several investment targets etc.

Client C – A private fund manager in Shenzhen. The corporate advisory services provided by Tianjin WFOE included business consulting for fund initiation, establishment and operations, successfully recommended several investment targets including due diligence for the targets etc.

Tianjin WFOE is working towards becoming the strategic partner of the above clients and establishing a long-term cooperation relationship with them.

SGX-ST's Query

7. To disclose if any of these Corporate Advisory services are rendered to related persons or to associates or relatives of interested persons or key management of the Company.

Company's Response

Included in the corporate advisory services of RMB19.39 million, an amount of RMB0.11 million is derived from advisory services rendered to associated company.

SGX-ST's Query

8. On page 10 of the Full Year FY2017 results, under "Expenses", the Company disclosed that "Professional fees of the Group increased by RMB1.84 million" to RMB2.71 million. Please quantify and provide a breakdown of the amounts paid to each party for the "proposed Rights Issue", to the "Cayman Segregated Portfolio Company" and "other advisory matters". Please also disclose what the nature of the professional services rendered for each of these.

Company's Response

The nature of the professional services rendered and breakdown of fees paid are as follow:

	2017
	RMB'000
Nature	
Proposed rights issue	364
Rights Issue Manager fee	104
Legal service fee for Rights Issue	100
SGX Proposed Rights Issue additional listing fee	160
Cayman SPC & BVI	271
BVI and Cayman SPC set up fee	271
Others	2,074
Fees for Statutory audit, Secretarial, Enterprise Risk Management & Sustainability Reporting	666
SGX CDP fees & Listing fees	246
Advisory fees for asset managements and financial factoring businesses	732
Audit fees, secretarial fees and other miscellaneous fees for the subsidiaries	430
	2,709

SGX-ST's Query

9. On page 11 of the Full Year FY2017 results, the Company disclosed that "The garment trading business has been classified as "Discontinued Operations" and reported a net loss from discontinued operations of RMB926,000. The Company disclosed that the garment trading business is in the process of deregistration. As the loss from this discontinued business is material in comparison to the Total net profit of the Group, please provide a breakdown to the loss of RMB926,000 and provide explanations for each of the material items incurred.

Company's Response

The breakdown of loss of RMB926,000 is as follow:

	2017
	RMB'000
Sale of garment trading goods	2,718
Currency exchange loss	(595)
Expenses	
- Purchase of trading goods	(2,664)
- Depreciation	(38)
- Professional fees	(247)
- Finance	(5)
- Other operating expenses	(95)
Loss for the financial year from discontinued operations	(926)

The loss was mainly due to:
i) razor thin profit margin on garment trading
ii) currency exchange loss arose from the weakening of bank balances denominated in USD.

SGX-ST's Query

10. Pursuant to paragraph 10 of the FY2017 Results, please also provide details on the agreements signed by the joint venture company that may affect the Group in the next reporting period and the next 12 months.

Company's Response
As the joint venture company is in its preparatory stage, no agreements have yet been signed.

SGX-ST's Query

11. On page 12 of the Full Year FY2017 results, the Company disclosed that "the Group has entered into a joint venture with a Singapore registered fund management company, incorporated an offshore fund management company in British Virgin Islands as well as set up a segregated portfolio company in Cayman Islands." Please provide details of the information required under Listing Rule 748.

    Company's Response
    The Company is of the view that the joint venture company, TNT Global Capital Pte Ltd, the BVI subsidiary Forise Capital Management Company Limited and the segregated portfolio company, Forise Global Strategy Investment SPC are not investment funds listed on the SGX-ST and hence are not subject to the obligations under Listing Rule 748.

Further Clarification

In addition to the above, the Board of Directors ("**Board**") wishes to clarify that there was an inadvertent omission in the FY2016 column of the Consolidated Statement of Comprehensive Income (page 1 of the Unaudited Results Announcement) under "Total profit, representing total comprehensive income". The Other Comprehensive Income ("**OCI**") was inadvertently omitted and after taking into account the OCI of RMB 113,922,000, the "Total Comprehensive Income" for FY2016 should have been RMB 175,577,000 instead of RMB 289,499,000. These figures are accurately reflected in the Company's Annual Report for FY2016.

The Board wishes to state that the above omission and rectification will have no impact on any primary statement in the Unaudited Results Announcement or the Company's FY2017 audited financial statements.

The Company's Annual Report for FY2017, which will contain the Independent Auditor's Report and the Company's consolidated financial statements, will reflect the rectified figures and be despatched to shareholders and the SGX-ST in due course.

BY ORDER OF THE BOARD

Peng Weile
Executive Director
26 March 2018