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 ANNOUNCEMENTS

The Board of Directors of Forise International Limited (the "**Company**"), and together with its subsidiaries, the "**Group**") refer to the earlier 3Q 2017 Results Announcement dated 13 November 2017 (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 2 January 2018 as follows:

SGX-ST's Query

1) We refer to the Company's third quarter results announcement on 13 November 2017 (the "Announcement"). In the statement of comprehensive income, "Rental on operating leases" amounted to RMB1.24mil. Please provide details: -

   i) On these operating leases;

   ii) Of the location and size of the space;

   iii) On the basis for which rental was paid;

   iv) On the identity of the lessor/landlord and whether the lessor/landlord has any relationship with the Company, its directors, CEO, substantial shareholders and their respective associates; and

   v) On the reasons for the significant rent paid.

Company's Response

1)

i) Details of the operating leases:

Rental on operating lease		**RMB'000**
Forise International Limited		
- Office rental		414
- Photocopier		5
Tianjin WFOE		
- Office rental		
i) Reimbursement of rental to Forise Investment Co., Ltd (Jan to Aug 2017)	*	640
ii) Rental paid to landlord (Sep 2017)		176
		1,235

*This represents the reimbursement of rental expenses to Forise Investment Co., Ltd which Forise Investment Co., Ltd had paid on behalf of Tianjin WFOE prior to finalization of the sub-lease agreement between Tianjin WFOE and the landlord. Further details are provided in answer (v) below.

ii) Details of the location and size of the space
iii) Details of the basis for which rental was paid

Rental on operating leases	Nature	Location	Landlord/Lessor	Size	Basis for rental
Singapore	Office space	8 Raffles Place, UOB Plaza 2 #11-20, Singapore 048624	United Overseas Bank Limited	236 square meters	Floor area
Singapore	Photocopier machine	8 Raffles Place, UOB Plaza 2 #11-20, Singapore 048624	Fuji Zerox	1 unit of photocopier	Fixed rental + usage
Beijing	Office space	Guo Men Wai Avenue, Chao Yang District, Beijing China 100022	北京建机天润资产管理有限公司	400 square meters	Floor area

iv) The relevant landlord/lessor disclosed in 1 iii) above has no relationship with the Company, its directors, CEO, substantial shareholders and their respective associates.

v) As disclosed in the Earlier Announcement, Tianjin WFOE only managed to finalise a sub-leasing agreement with the landlord (i.e. 北京建机天润资产管理有限公司) in late August 2017. Upon finalisation of sub-leasing agreement, Forise Investment Co., Ltd being the main tenant of the office premises also finalised its negotiation of rental expenses with Tianjin WFOE for Tianjin WFOE's usage of office space from January 2017 to August 2017, expenses which had been paid by Forise Investment Co., Ltd on behalf of Tianjin WFOE.

As Tianjin WFOE had not utilised much of the office space in early 2017, it was agreed that a bargain monthly rental of RMB 80,000 for the period from January 2017 to August 2017 shall be reimbursed to Forise Investment Co., Ltd.

SGX-ST's Query

2) In the statement of comprehensive income, "Share of loss of a joint venture" amounted to RMB0.355mil. The Company announced on 21 July 2017 that the Company will be paying S$800K to acquire 40% in a joint venture company, TNT Global Capital PIL. Further, on 27 August 2017, it was disclosed that the joint venture company does not have any existing customers nor carried out any investments and has yet to convene business since its corporation on 4 March 2016. Net loss of TNT Global Capital Pte. Ltd for financial year 2016 ("FY2016") amounted to S$9,400 (approximately RMB46,400).

i) The Company disclosed that the joint venture company was in process of setting up funds to invest in pre-IPO, IPO placement and PE deals focusing on digital transactions. Please provide a status update on the above;

ii) Please provide a breakdown for the significant cost/loss incurred of RMB355K since acquisition in August 2017;

iii) Please provide details on when did the joint venture company commence business and reasons for the significant increase in loss from RMB46.4K in FY 2016 to RMB355K in just 1 month since date of acquisition.

Company's Response

i) The joint venture company is currently in the process of incorporating the fund and doing fund raising now.

ii) Breakdown for the significant cost/loss incurred of RMB355K since acquisition in August 2017 are as follow:

		Total
		RMB
Bank Charges		282
Domain charges		496
Rental of office		17,558
Travelling expense		10,423
Salaries, CPF and Bonus		858,907
		887,666
Share of losses @ 40%		355,066

iii) The joint venture company commenced its business in August 2017. Significant increase in loss in the one month after acquisition was mainly due to the one-off sign on bonus paid to the joint venture parties as well as salaries and CPF contribution after the commencement of the business operations.

SGX-ST's Query

3) In the statement of comprehensive income, "Income tax expenses" amounted to RMB1.34mil. Please:-

i) Disclose where is this income tax payable;

ii) Disclose the tax rate that was applied;

iii) Explain why the tax payable is equivalent to profit before tax and how is this calculated; and

iv) Explain why this amount of tax of RMB1.34mil for revenue earned of RMB5.36mil is so significant compared to tax of RMB2.17mil for 9 months revenue of RMB15.9mil.

Company's Response

i) Income tax expenses of RMB1.34million was derived from Tianjin WFOE.

ii) The China tax rate of 25% was applied.

iii) While the income tax expenses of RMB1.34million arose solely from the profit-making company-Tianjin WFOE, the Group's profit before tax of RMB1.38million was a result of consolidation of profit earned by Tianjin WFOE and losses made by other entities within the Group. Hence, this resulted in the situation where the tax payable is approximate to the amount of profit before tax.

iv) The amount of tax with the corresponding revenue for 3Q2017 was higher than 9M2017 mainly due to adjustment made in 3Q2017 for the under-provision of income tax of Tianjin WFOE amounting to RMB582,000.

SGX-ST's Query

4) In the Balance Sheet, "Trade and other receivables" amounted to RMB6.01mil. Please:-

i) Explain why trade and other receivables of RMB6mil exceeds the Company's 3Q2017 revenue of RMB5.36mil; and

ii) Explain why trade and other receivables decreased from RMB20.8mil as at 31 December 2016 to RMB6mil as at 30 September 2017.

Company's Response

i) As disclosed in our 3Q2017 result announcement, Trade and other receivables comprised of RMB5.74 million of trade receivables and RMB0.27million of other receivables. Trade and other receivables exceeded Company's 3Q2017 revenue of RMB5.36million mainly due to the revenue from 3Q2017 being generated towards end of 3Q2017 and which has yet been collected. In addition, the amount of trade receivables is inclusive of 6% VAT.

ii) Decrease of trade and other receivables from RMB20.8million as at 31 December 2016 to RMB6million as at 30 September 2017 was due to decrease in revenue for 3Q2017 as compared to 4Q2016 and subsequent receipts from trade receivables.

SGX-ST's Query

5) In the Balance Sheet, "Investment in an associated company" amounted to RMB2.04mil. the Company announced on 1 June 2017 that the acquisition of 40% of Le Rong Financial Factoring Company for a purchase consideration of RMB40K. Please reconcile this amount of RMB2.04mil to the company's announcement of 1 June 2017. Please also provide further details of:-

i) When the amount of RMB2mil was paid;

ii) Why did the Company not provide information relating to further obligations of payment of RMB2mil;

iii) Rationale for the payment of RMB2mil and the use of these proceeds;

iv) How was the RMB2mil financed by the Company;

v) Did the 60% joint venture partners also pay their pro-rata share of RMB3mil in cash? If not, has the Company's interest in the joint venture company increased above 40% as a result?

vi) The financial performance of Le Rong Financial Factoring Company since the Company's injection of additional funds; and

vii) The outlook, significant trends and competitive conditions of the industry in which Le Rong Financial Factoring Company operates and any known factors or events that may affect Le Rong Financial Factoring Company in the next reporting period and the next 12 months.

Company's Response

i) RMB2 million was paid on 1 August 2017.

ii) It was disclosed in the Company's earlier announcement dated 1 June 2017 that Le Rong Financial Factoring Company ("**Le Rong**") had a registered capital of RMB5 million which has not been paid up. The Company has inadvertently omitted the explicit disclosure of further obligation of payment RMB2million, which represents 40% of the paid-up share capital held by Tianjin WFOE.

iii) The payment of RMB2 million was injected for the increase in share capital of Le Rong. The usage of this proceeds shall be for the business operation of financial factoring.

iv) The RMB2 million was financed through the internal resources of Tianjin WFOE.

v) The major shareholder of Le Rong has yet to pay up the pro-rata share of RMB3 million for the share capital injection till date. Tianjin WFOE's interest in Le Rong remains at 40% as stipulated in the equity transfer agreement signed between the Tianjin WFOE and the major shareholder of Le Rong.

vi) Financial performance of Le Rong is as follows:

Extract of unaduited income statement of Le Rong Financial Factoring Company for the period ended 30 Nov 2017:	
	RMB
Revenue	-
Interest income from bank deposits	284
Salaries	(52,944)
other miscellanous expenses	(9,262)
Loss for the period	(61,922)

Le Rong commenced its business operation of financial factoring in December 2017.

vii) As the paid-up capital of Le Rong is relatively small in the industry of financial factoring, Le Rong will continue to operate its business of financial factoring on a shorter term and smaller scale in the next reporting period and in the next 12 months.

SGX-ST's Query

6) In paragraph 8 of the Announcement, revenue for "Corporate Advisory" amounted to RMB5.36mil. Please disclose: -

i) How much of this amount was due to corporate actions arising from pre-IPO, mezzanine financing and private equity; and

ii) Which jurisdictions in Asia were these deal financings relating to investment management provided.

Company's Response

i) To-date, the group has yet to undertake corporate advisory services involving pre-IPO, mezzanine financing and private equity. The revenue of RMB5.36 million was generated from corporate advisory services to SMEs with respect to better deployment of idle capital.

ii) The Group's corporate advisory services were provided in the People's Republic of China.

SGX-ST's Query

7) In paragraph 8 of the Announcement, it was disclosed that "there was no revenue generated from garment trading business for the current period". Please disclose:-

i) How were these revenue generated;

ii) How were the payment milestones set; and

iii) What are the normal terms of payment/ revenue recognition for such services provided.

Company's Response

i) In the past, the revenue from garment trading business was generated upon the Group's acceptance of the order from customers and delivery of the products to its customers.

ii) Payment milestones were set at 100% upon end of credit terms.

iii) The normal terms of payment range between 30 to 45 days. Revenue from sale 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 terms of the relevant sale contract.

SGX-ST's Query

8) In paragraph 10 of the Announcement, it was disclosed that "the Group has entered into a joint venture with TNT Global Capital Pte. Ltd. (a Singapore registered fund management company) as a platform for entry into the business of asset management activities". Please provide details on the known factors or events in relation to TNT Global Capital Pte. Ltd that may affect this joint venture in the next reporting period and the next 12 months.

Company's Response

While the global economy is showing signs of recovery, the Group expects the global market and equity market to remain challenging in the next 12 months. The Group will continue to work closely with the joint venture parties to develop the business of asset management activities.

BY ORDER OF THE BOARD

Peng Weile
Executive Director
10 January 2018