



**Securities Investors Association (Singapore)**

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**Issuer:** Forise International Limited

**Security:** Forise International Limited

**Meeting details:**

Date: 29 April 2019

Time: 2.00 p.m.

Venue: 4 Shenton Way SGX Centre 2 #17-01, Singapore 068807

**Company Description**

Forise International Limited, formerly Great Group Holdings Limited, is a Singapore-based investment holding company. The Company was engaged in the business of contract manufacturing, which includes manufacturing and sale of garments to local and overseas major retail chains and/or owners of international brand. The Company's subsidiaries include Quanzhou Great Garments Co.,Ltd, Fujian Great Fashion Industry Co., Ltd, Great Worldwide (Trading) Limited and Great Holding Limited. The Company's subsidiaries are engaged in the business of producing garments, weaving, ribbon, printing, shoes, hats and bags, and sale and distribution of garments and apparel production.

(Source: [http://www.sgx.com/wps/portal/sgxweb/home/company\\_disclosure/stockfacts?code=15H](http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=15H))

**Q1.** Following the disposal of the garment trading business, the group's remaining core business of corporate advisory saw its revenue drop by nearly half to hit RMB9.82 million in FY2018.

No revenue was recorded for the three months ended 31 December 2018.

- (i) Can management help shareholders understand how it acquires new customers?**
- (ii) What is the track record of the group? Can management clarify which is the main operating subsidiary for the group?**
- (iii) Would the board be reviewing the group's business model? If revenue could drop by half in the year with no revenue recognised in a quarter altogether, does the company have a viable business model at all?**
- (iv) For the benefit of new and long standing customers, please clearly articulate the business model and identify the key value drivers.**
- (v) Please help shareholders understand the kind of corporate advisory work that has been carried out and identify (or provide the profile of) the major groups of customers.**

**Q2.** In the Corporate Governance Report, the company has provided the following commentary with regard to the group's internal audit function (page 29):

**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.

- (i) Can the board, especially the audit committee, clarify and state clearly if the company has established an internal audit function (be it in-house or outsourced) that is independent of the activities it audits?**
- (ii) If so, please identify the internal auditor. Does the internal auditor carry out its function according to the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditor?**
- (iii) If not, when will the AC be appointing one? What are the selection criteria?**

**Q3.** The company was placed on the Watch-list under the MTP criterion pursuant to Rule 1311(2) of the Listing Manual of the Singapore Exchange Securities Trading Limited on 5 June 2017.

The company would be required to take active steps to meet the requirement of Listing Rule 1314(2) within 36 months from 5 June 2017, failing which the Exchange would delist the company or suspend trading in the company's shares with a view to delisting the company.

Rule 1314(2) requires the company to achieve a volume-weighted average price of at least \$0.20 and an average daily market capitalisation of \$40 million or more over the last 6 months.

The company currently has a market capitalisation of \$6.4 million based on 6-month volume weighted average price of \$0.00325 per share.

In the last update on 27 February 2019, the company has stated that it remains open to options such as a share consolidated but the focus for now is *"on the development and growth of its strategic planning, corporate advisory, financial restructuring and management consultancy business"*.

- (i) Would the board update shareholders on the deliberations it has had with regard to exiting the watch-list?**
- (ii) What are the independent directors doing to help the company exit the watch list and to protect the interests of the minority shareholders?**
- (iii) What are the options available to the group given that it has 36 months from 5 June 2017 to meet the MTP exit criteria? Given that the market capitalisation is approximately 84% below the minimum market capitalisation, how feasible is it for the group to meet the threshold?**

- (iv) **In addition, has the board/management evaluated the cost to the group as a result of it being watch-listed by the exchange?** For instance, the risk of being delisted would negatively impact the share price and this would make fund raising more difficult and more costly. In addition, the company's shares are no longer investable under CPF funds. There might also be reputational risks as suppliers and customers may be concerned with the company's status as a listed company when it is on the watch-list.