Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Fax: (65) 6220 6614
Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: Forise International Limited

Stock code: 8A1

Meeting details:
Date: 27 April 2022
Time: 10.30 a.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

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Q1. The group's core business comprises providing strategic planning, corporate advisory and management consultancy services.

As shown in Note 4 (page 73 – Revenue), the group derives most of its revenue from Singapore from management consultancy services and from PRC for corporate advisory services.

4 REVENUE

Disaggregation of revenue from contracts with customers

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

	Group	
	31 Dec 2021 SGD'000	31 Dec 2020 SGD'000 (Restated)
At a point in time		
Corporate advisory services		
– PRC	**396**	216
– Singapore	**80**	–
	476	216
Over time		
Management consultancy services		
– Singapore	**1,145**	1,877
– Denmark	**31**	31
– United Arab Emirates	**34**	36
	1,210	1,944
Total	**1,686**	2,160

(Source: company annual report)

(i) **Can management provide shareholders with greater clarity on the business model of the group? How does the group secure new projects/contracts?**

(ii) **In addition, please help shareholders understand the profiles of the client(s) and the types of consultancy projects and services delivered by the operating entities in the different regions.** The company has provided such details in its response to SGX queries dated 8 March 2022.

(iii) The details of key management can be found on page 10 of the annual report. **Can management provide shareholders with more details of the client-facing corporate advisory professionals in Tianjin Forise?**

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(iv) **Is the group required to obtain a capital markets services (CMS) licence to offer consulting services for capital market and fund raising in Singapore?**

(v) **Please provide shareholders with the websites/URLs for the subsidiaries and/or operations in the group, including:**

a. Prisma Technologies Pte. Ltd.
b. Tianjin Forise Corporation Management Consultancy Limited
c. Le Rong Corporation Management (Shenzhen) Co., Ltd

(vi) The group generated revenue of $1.69 million as a listed company on SGX. It has equity attributable to owners of the company amounting to $2.93 million. **What are the growth prospects for the group and how will the group be funding its growth? What are management's priorities in FY2022?**

Q2. The group accounts for its investment in Le Rong as an associated company as the company 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. However, Le Rong is currently dormant and has not been generating revenue. Le Rong is in a net liabilities position of $(4.15) million.

The company has responded to SGX RegCo on the status of Le Rong on previous occasion, including:

https://links.sgx.com/FileOpen/Forise%20-%20Response%20to%20SGX%20queries.ashx?App=Announcement&FileID=647095

https://links.sgx.com/FileOpen/Forise%20-%20Response%20to%20SGX%20queries.ashx?App=Announcement&FileID=647688

https://links.sgx.com/FileOpen/Forise%20-%20Response%20to%20SGX%20queries_16%20Feb%202021.ashx?App=Announcement&FileID=648406

(i) **Can the board help shareholders recall the events that led to the termination of Le Rong's commercial factoring license?**

(ii) **What is the profile of the end customer of Le Rong that defaulted on its debt? What is the current status of the customer?**

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The group had made a loan of RMB19.8 million to Le Rong for the financial factoring business which was eventually unrecoverable and impaired. Ms. Li Ying, the 60% shareholder of Le Rong, had not contributed her portion of share capital and made a sudden sale of her interest to a "Mr Zou Zhi Bing".

(iii) **Is management in contact with Ms. Li Ying? Did management carry out any investigation to find out the relationship between Ms. Li Ying and Mr. Zou Zhi Bing?**

(iv) **Is it premature of management to "believe" that the default by the end customer and the impairment of RMB19.8 million by the company due to Le Rong's troubles had "no direct connection to mismanagement" by Ms. Li? Would the independent directors reconsider carrying out an independent review to ascertain the events leading up to the default by the end customer of Le Rong and the conduct of the then-major shareholder, Ms Li Ying?**

(v) **On what basis did the Tianjin WFOE decide that court proceedings would not be viable?**

(vi) **What improvements have been made in the Tianjin WFOE with regard to its due diligence framework and background checks?**

Q3. As noted in the corporate governance report, the company has outsourced its internal audit function to Wensen Consulting Asia (S) Pte. Ltd., an established auditing firm specialising in the provision of risk advisory, internal audit outsourcing and other consulting and advisory services

The audit committee (AC) is satisfied that the internal audit function is independent, effective and adequately resourced to perform its function effectively.

(i) **What was the scope of the internal audit in FY2021? How was the scope determined?**

(ii) **Can the AC confirm that the major operating entities overseas were included in the internal audit?**

(iii) **Given that national borders were mostly closed in the last two years, how was the IA carried out? Did the constraints limit the scope and the effectiveness of the IA?**

(iv) **What were the key findings by the IA?**

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^On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so. On 9 April 2021, it was announced that the alternate arrangements for meetings ("Meetings Order") would be extend beyond 30 June 2021 until it is revoked or amended by the Ministry of Law. Accordingly, until such time, issuers may continue to utilise the Checklist issued by ACRA, MAS and SGX RegCo to guide entities on the conduct of their general meetings.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

Join our mailing list here to receive latest news and upcoming events.

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^ Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation (https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation)