

**RESPONSE TO QUERIES FROM THE SINGAPORE STOCK EXCHANGE SECURITIES TRADING LIMITED (“SGX-ST”) ON EARLIER ANNOUNCEMENTS**

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The Board of Directors of Forise International Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the Company’s earlier announcement dated 28 February 2024 in relation to the condensed interim financial statements for the six months and full year ended 31 December 2023 (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 queries raised by the SGX-ST via RegCo Portal on 8 March 2024 as follows:

**SGX-ST’S QUERIES: -**

**Query 1**

The profit/(loss) before tax for FY2023 in the cash flow statement is \$101,000, which is different from the amount in the profit or loss statement of \$80,000. Please reconcile the difference.

**Company’s Response**

	<b>\$'000</b>	<b>Remark</b>
Profit before tax as per consolidated cash flow statement	101	
Profit before tax as per consolidated statement of profit or loss and other comprehensive income	80	
Variance	21	The variance relates to the withholding tax expense on service charge to the wholly-owned subsidiary which had been subsequently reclassified to other operating expenses. This also resulted in the decrease in trade and other payables from \$188,000 to S\$167,000 in the consolidated statement of profit or loss and other comprehensive income

## **Query 2**

The Group recorded income of \$602,000 pursuant to a reversal of allowance for expected credit losses as it had collected the amount from Prisma AI Corporation Pte Ltd in 2H FY2023 after issuing a statutory demand. To disclose when the amount was received and whether it was received by the Company in cash. If so, please explain why the Company's cash had decreased by \$419,000 despite the significant amount received. In addition, in the cash flow statement, this amount was deducted to arrive at the net cash used in operating activities of \$417,000. Please clarify why this amount was deducted in the cash flow statement if it was received by the Group and which line item in the cash flow statement the receipt is recorded in.

### **Company's Response**

The amounts received by the Company in cash are tabulated as follows:

<b>Months</b>	<b>\$'000</b>
August 2023	45
November 2023	152
December 2023	244
<b>Total</b>	<b>441</b>

The agreed settlement amount from Prisma AI Corporation Pte Ltd was \$609,000, of which \$168,000 was used to pay off the staff costs and retrenchment costs of Prisma Technologies Pte Ltd as announced by the Company on 11 July 2023.

Notwithstanding the above, there was a decrease in cash flow despite the money received, due to the payments of expenses such as staff costs, professional fees, directors' fees and rental expenses.

The receipt was recorded under trade and other receivables of \$312,000 in the consolidated statement of trade and other receivables, after offsetting the reversal of loss allowance of \$602,000.

### **Query 3**

The group recorded revenue of \$556,000 in FY2023 of which \$502,000 were recorded in 2H2023. Provide a breakdown by customer for the entire amount of \$556,000 and elaborate on the specific nature and scope of the consultancy services rendered, when the contracts were signed, the status of the contracts and whether the revenue had been collected in cash. For amounts currently outstanding, include the ageing of the receivables (in bands of 3 months with the top band specifically disclosed) and provide the Board's assessment of its recoverability.

### **Company's Response**

The breakdown of revenue is as follows:

	<b><u>Description of service provided</u></b>	<b><u>Date contract was signed</u></b>	<b><u>\$'000</u></b>	<b><u>Remark</u></b>
Company that specializes in Internet of Things ("IoT") devices and enterprise infrastructure management software	Provide advice and support on the implementation of a robotics solution for the cleaning industry, and offer system architecture advisory services for integrating robots with the Client's building management system. This includes a feasibility study, software and system design/consulting, hardware sourcing, robotics algorithm design, robotics fleet operating procedures, and post-deployment testing consulting	11 July 2023	63	(1)
Trading Company	Provide corporate advisory services for business expansion	27 January 2023	30	(1)
Laundry service provider	Corporate advisory services (monthly basis)	20 October 2022	28	(2)
Event Company	Corporate advisory services (monthly basis)	3 October 2022	2	(1)
Event Company	Corporate advisory services (monthly basis)	10 October 2022	1	(1)
Laundry service provider	Advisory services on improvement for laundry operation workflow	11 September 2023	18	(2)
Manufacturing Company	Advise and support on the implementation of a robotics solution such as feasibility study, software and system design/consulting, hardware sourcing and integration advisory, operating procedures and post deployment testing consulting.	27 October 2023	50	(3)
Trading Company	Advisory services on improvement for laundry operation workflow	28 April 2023	2	(1)

	<b>Description of service provided</b>	<b>Date contract was signed</b>	<b>\$'000</b>	<b>Remark</b>
Trading Company	Advisory services on improvement for laundry operation workflow	30 June 2023	22	(1)
Trading Company	Advise on the implementation of artificial intelligence and system integration solutions such as feasibility study, software and system design/consulting, hardware sourcing and integration advisory, operating procedures and post deployment testing consulting	23 June 2023	70	(4)
Trading Company	Advise on data logging services	3 July 2023	20	(4)
Trading Company	Advise on data logging services	3 July 2023	20	(4)
Trading Company	Advise on data logging services	3 July 2023	21	(4)
Manufacturing Company	Advisory services on improvement for laundry operation workflow	30 June 2023	6	(5)
Manufacturing Company	Advise on the implementation of artificial intelligence and system integration solutions	31 May 2023	18	(5)
Manufacturing Company	Advise on the implementation of artificial intelligence and system integration solutions such as feasibility study, software and system design/consulting, hardware sourcing and integration advisory, operating procedures and post deployment testing consulting	9 August 2023	74	(5)
Manufacturing Company	Advise and support on the implementation of a latex product tumbler loading automation solution such as feasibility study, software and system design/consulting, hardware sourcing and integration advisory, operating procedures and post deployment testing consulting	14 December 2023	88	(5)
Trading Company	Advise on the implementation of artificial intelligence and system integration solutions	23 August 2023	23	(1)
Total			556	

- (1) Amounts have been collected during the financial year.
- (2) Total amounts of \$22,000 was collected during the financial year. The balance of \$21,000 have been tabulated in our response to Query 4. We have collected \$16,000 after the financial year end.
- (3) The balances have not been collected during the financial year and have been tabulated in our response to Query 4.
- (4) The balances have not been collected during the financial year and the outstanding balances have been tabulated in our response to Query 4. We have collected \$95,000 after the financial year end.

- (5) The balances of \$20,000 have been collected during the financial year and the outstanding balances have been tabulated in our response to Query 4. We have subsequently collected \$35,000 after the financial year end.

#### **Query 4**

The Group's trade and other receivables amounted to \$387,000 as at 31 December 2023, which is more than half of the Group's revenue for FY2023 of \$556,000. Please provide a breakdown of this amount, elaborate on the nature of the material items and include the ageing schedule in bands of 3 months with top bands disclosed. For amounts that are overdue, to disclose the Board's assessment of its recoverability.

#### **Company's Response**

	<b>Current \$'000</b>	<b>Ageing</b>		<b>Total \$'000</b>
		<b>1- 3months \$'000</b>	<b>&gt;3 months \$'000</b>	
<i>Trade receivables</i>				
Laundry Service provider	3	22	-	25
Trading Company	-	34	95	129
Manufacturing Company	92	69	6	167
Manufacturing Company	24	24	-	48
Sub-total	119	149	101	369
Non-trade receivables	18	-	-	18
Total	137	149	101	387

As of today, the total collections amount to \$146,000 which paid for the ageing >3 months and partially paid for the ageing 3 months. The Board assessed that management has been following up closely with the customers on the outstanding balances. In addition, we have received collections received from customers as of today and there are no long outstanding balances. Hence, there is no recoverability issue.

#### **Query 5**

The Group recorded other current assets balance of \$94,000 as at 31 December 2023. Please clarify what these other current assets pertain to.

#### **Company's Response**

The breakdown of the Other current assets balance is as follows:

Rental deposits	<b>\$'000</b>
Deposits paid for professional firms for corporate action	10
Lawyer deposits	73
Prepayments	3
Total	8
	<u>94</u>

### **Query 6**

The Group incurred professional fees expenses of \$129,000 in FY2023. Provide a breakdown of the types of professional services engaged, the service providers, and the reason for engaging such services.

### **Company's Response**

The breakdown of professional fees and expenses is as follows:

<b>Service provider</b>	<b>Description</b>	<b>\$'000</b>
SGX-ST	Listing fees	38
Sustainability Reporting consultant	SR consultant	6
Share registrar	Retainer fees	4
CDP	Retainer fees	6
Law firm	Lawyer fees in drafting the demand letters, drafting the settlement agreements	4
Share registrar	Professional fees for coordination, preparation and vote counting for AGM FY2022	1
Tax due diligence	Corporate action – tax due diligence	5
Financial due diligence	Corporate action – financial due diligence	27
Internal auditors	Accrual of internal audit fees for FY2023	9
Company secretary	Secretarial services	29
		<hr/>
		129
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### **Query 7**

In its review of the Group's performance, the Company explained that the increase in other operating expenses to \$70,000 (FY2022: \$39,000) was mainly due to withholding tax expense on service charge to subsidiary. Elaborate on what this service charge is and why there is withholding tax incurred.

### **Company's Response**

The service charge relates to the services provided to our subsidiary in Malaysia such as the time spent by the executive directors and management in the subsidiary in Malaysia such as meeting the potential customers, responsible for market research and assisting in IT, Artificial Intelligence ("AI") and automation parts of this project. The withholding tax expense was incurred based on the 15% withholding tax rate under Malaysian tax regulations.

### **Query 8**

Please explain why interest income amounted to only \$4,000 in FY2023 when the Company has significant cash balances of over \$1 million (translating to an interest rate of less than 0.5%).

### **Company's Response**

The interest income was only derived from short-term bank deposits placed by the Company's wholly-owned subsidiary in China. The Group did not place the money into fixed deposits accounts as it required the availability to meet the payments of the daily expenses of the Group. In addition, the settlement amount was only received by the Group in late FY2023.

### **Query 9**

The Group recorded significant trade and other payables of \$230,000 as at 31 December 2023 even though it only recorded \$36,000 worth of cost of sales in FY2023 and is primarily in the management consulting business. Provide a breakdown by creditor and elaborate on the nature of the payables.

### **Company's Response**

The breakdown of the trade and other payables as at 31 December 2023 are as follows:

	<b>\$'000</b>
<b>Accruals</b>	
Directors fees (Jul – Dec'23)	48
Audit fees (For FY2023)	68
Internal audit fees (remaining balance for FY2023)	9
Sub-total	<u>125</u>
<b>Other payables</b>	
-Great Holdings Limited	93
-Salaries payables	3
-Government bodies – EPF, SOCSO, PCB	9
Sub-total	<u>105</u>
Total	<u><u>230</u></u>

It shows a decrease in trade and other payables from \$399,000 in FY2022 to \$230,000 in FY2023.

### **BY ORDER OF THE BOARD**

Wan Jinn Woei  
Executive Director  
8 March 2024