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

RESPONSE TO 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**") refers to the Company's earlier announcement dated 14 August 2023 (the "**Earlier Announcement**") in relation to the Company's Half-Year Results for the 6 months ended 30 June 2023 ("**HY2023**").

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 14 September 2023 as follows:

SGX-ST'S QUERIES: -

Query 1

Please explain why the Group no longer derives revenue from its management consultancy services, through which it had incurred $108k revenue in HY22. Please also provide a description of the existing business contracts and activities of the Group, the respective location and project sizes of the few contracts amounting to a total of $250k as cited in the Group's commentary on the financial statements.

Company's Response

Due to the nature of the contracts relating to the management consultancy segment of the Group's business and how the revenue from the contracts will be recognised, no revenue from such contracts was recognised in HY2023.

The Group has at least 6 ongoing contracts (including accepted purchase orders) ranging in contract sum from S$5.8k (approximately RM20k) to S$72.5k (approximately RM250k) for the provision of advisory and consultancy services for projects in Malaysia and Singapore. The six contracts are as follows:

1. Contract entered into by the Company on 31 May 2023 for the provision of advisory and consultancy services in Malaysia, for a contract sum of RM60,000 (approximately S$17.4k).
2. Contract entered into by the Company on 30 June 2023 the provision of advisory and consultancy services in Malaysia, for a contract sum of RM75,000 (approximately S$21.7k).
3. Contract entered into by the Company on 30 June 2023 the provision of advisory and consultancy services in Malaysia, for a contract sum of RM20,000 (approximately S$5.8k).
4. Contract entered into by the Company on 23 June 2023 for the provision of advisory and consultancy services in Malaysia, for a contract sum of RM240k (approximately S$69.6k), as further described in the Company's announcement dated 26 June 2023.
5. Purchase order accepted by the Company on 15 July 2023 for the provision of advisory and consultancy services in Singapore, for a contract sum of S$63k, as further described in the Company's announcement dated 15 July 2023.
6. Contract entered into by the Company on 9 August 2023 for the provision of advisory and consultancy services in Malaysia, for a contract sum of RM250k (approximately S$72.5k), as further described in the Company's announcement dated 10 August 2023.

The projects undertaken by the Group pursuant to the contracts listed as items 2 and 3 above were completed on 21 August 2023 and 28 August 2023 respectively. The remainder of the projects are ongoing and revenue from such contracts is expected to be recognised only in the half year ending 31 December 2023.

Query 2

Please provide the reason(s) for the retrenchment of staff at Prisma Technologies Pte Ltd, the details of the number of staff retrenched, number of staff retained, retrenchment costs incurred by the Group as mentioned in the Notes to the financial statements, and the date(s) at which the retrenchment occurred. Please also clarify if Prisma Technologies Pte Ltd the sole subsidiary providing the principal services offered by the Group is still in operations and the current contracts and activities on hand.

Company's Response

In November 2022, 7 employees resigned from Prisma Technologies Pte Ltd ("Prisma Tech") due to a decrease in operating activities and cost control measures implemented by the Company. As this decrease continued to persist, management made the decision to retrench the remaining 4 employees in January 2023, with retrenchment costs totalling to S$51,085. Following the round of retrenchments in January 2023, Prisma Tech no longer had any employees and has been dormant since January 2023, with no existing contracts or ongoing activities.

Query 3

We note that the Group stated in its Segment information on page 10 of its Financial Statements that "Other services within Singapore mainly relates to investment holding and is not included within the reportable operations segments as it is not included in the segment reports provided to the Chief Operating Decision Makers".

Please provide further details on the investment holdings which are held in Singapore, the nature of such investments and returns, who within the Group are managing the investment holdings, and how these are recognized in the financial statements of the Group, why these reports are not provided to the Chief Operating Decision Makers and identify these Chief Operating Decision Makers who do not have these relevant reports.

Company's Response

The reference to investment holding refers to the Company's holding of its various subsidiaries in the Group. As it is part of the holding structure of the Company and Group, it is not recognised as a separate segment and as such, no segment reports pertaining to such Group structure are prepared and circulated.

Save for the holding of the various subsidiaries, there are no other investments held by the Company or Group.

Query 4

We note that Prisma Technologies Pte Ltd had entered a settlement agreement with Prisma AI Corporation Pte Ltd ("Prisma AI"), a related company, to fully settle the amount of US$450k (approx. S$608k), of which Prisma AI has repaid S$167,677. In the Group's FY2022 financial statements, it had noted that there was a total loss allowance of S$1.044 million due from Prisma AI. Please provide the justification for the writing down of the debts owed from Prisma AI to USD$450k from S$1.044 million, including the basis of assessment by the Board on the reasonableness of the write-off.

Company's Response

As announced by the Company on 11 July 2023, the Board has assessed and determined that pursuing a higher settlement offer would not be worthwhile in terms of additional costs and time spent, taking into account the professional fees, manpower and resources required to commence court proceedings for the full outstanding sum of US$758,131.78 (approximately S$1.044 million), as well as the considerable effort expended thus far in negotiating and arriving at the proposed offer of US$450k

(approximately S$608k) to settle the full outstanding debt. Accordingly, the Board has assessed that it is reasonable to write down the debts owed from Prisma AI to USD$450k (approximately S$608k) from S$1.044 million taking into account, inter alia, the financial position of Prisma AI, and the costs and expenses that are anticipated to arise from any legal proceedings to enforce any claim.

BY ORDER OF THE BOARD

Wan Jinn Woei
Executive Director
14 September 2023