

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

The Board of Directors of Forise International Limited (the “**Company**”), and together with its subsidiaries, the “**Group**”) refers to the earlier Announcement dated 1 March 2021 (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 2021 as follows:

**SGX-ST’s Queries**

We refer to the Company’s FY2020 Financial Statements announced on 1 March 2021.

- 1) In relation to the table on page 8 of paragraph 8, please tabulate the following details in relation to the FY2020 revenue of RMB 9,728,000 attributable to Prisma Tech:
  - i) Breakdown by contracts and respective counterparty
  - ii) Contract Period
  - iii) For each contract, the Percentage completed and full contract amounts

**Company’s Response**

Below are the breakdown by contracts and respective counterparty, contract period, percentage completed and full contract amounts:

In view of commercial sensitivity, the Group is of the view that full detailed disclosure of the identity of its end customers would be prejudicial to the Group’s interest. Instead, a brief narration of the end customers is provided.

Customers	Contract date	Estimated completion date	Contract sum		Revenue recognised		% of completion	End customers
			(USD)	(USD)	(USD)	(RMB)		
<b><u>Prisma AI Corporation Pte Ltd</u></b>								
Project 1	21/4/2020	completed in FY2020	221,779	221,779	1,530,396	100%	Danish Cryptocurrency company	
Project 2	12/5/2020	Apr-21	194,075	77,630	535,689	40%	UAE logistic company	
Project 3	15/6/2020	completed in FY2020	206,700	206,700	1,426,343	100%	Software company in India	
Project 4	22/6/2020	Jun-21	481,600	192,640	1,329,321	40%	Mumbai Government Agency	
Project 5	3/7/2020	Apr-21	159,375	63,750	439,910	40%	Security Systems company in India	
Project 6	6/7/2020	Jun-21	270,250	108,100	745,949	40%	IT company in India	
Project 7	6/7/2020	May-21	159,120	63,648	439,206	40%	Russian company - project 1	
Project 10	5/8/2020	May-21	101,500	40,600	280,162	40%	Container depot company in Sri Lanka	
Project 11	7/8/2020	Aug-21	456,300	182,520	1,259,488	40%	Indian Government department	
Project 12	7/8/2020	completed in FY2020	36,250	36,250	250,145	100%	Bahrain Government Agency	
Project 13	7/8/2020	Jul-21	297,000	118,800	819,785	40%	Financial services company in Colombia	
Project 14	11/8/2020	Aug-21	122,090	48,836	336,995	40%	Russian company - project 2	
<b><u>UAE logistic company</u></b>								
Project 8	22/7/2020	Apr-21	52,000	26,000	179,414	50%	-	
<b><u>Danish Cryptocurrency company</u></b>								
Project 9	28/7/2020	Apr-21	45,000	22,500	155,262	50%	-	
					<b>9,728,067</b>			

- iv) Amount collected to-date and if not yet collected, when is the collection due and whether the debtor has difficulties paying on due date. To provide basis for views if debt is already overdue.

### Company's Response

Customers	Accounts Receivable balances as at 31 December 2020				Subsequent receipt till 10 March 2021 (USD)	Balance as at 10 March 2021 (USD)
	Invoice amount (USD)	Invoice amount (RMB)	Age bracket	Overdue (Yes/No)		
<b>Prisma AI Corporation Pte Ltd</b>						
Project 1	133,067	868,615	31-60 days	Yes	-	133,067
Project 3	124,020	809,559	Current	No	-	124,020
Project 5	53,972	352,308	61-90 days	Yes	(53,972)	-
Project 7	63,648	415,472	31-60 days	Yes	-	63,648
Project 10	40,600	265,023	0-30 days	Yes	-	40,600
Project 11	182,520	1,191,427	0-30 days	Yes	-	182,520
Project 12 (invoice 1)	14,500	94,651	0-30 days	Yes	-	14,500
Project 12 (invoice 2)	21,750	141,976	Current	No	-	21,750
Project 13	118,800	775,485	Current	No	-	118,800
Project 14	48,836	318,784	Current	No	-	48,836
<b>UAE logistic company</b>						
Project 8	26,000	169,719	31-60 days	Yes	-	26,000
<b>Danish Cryptocurrency company</b>						
Project 9	22,500	146,872	31-60 days	Yes	-	22,500
	<b>850,213</b>	<b>5,549,891</b>				<b>796,241</b>

Note: The invoices raised for projects 2,4 and 6 had been fully collected during FY2020.

The Group has been monitoring the outstanding accounts receivable balances periodically and closely following up with the customers on collection. The Company understood that the delay in collection was mainly due to slower collections from end customers of Prisma AI during the COVID-19 pandemic. Nevertheless, all the outstanding receivables from Prisma AI are made up of the invoices which are overdue lesser than 60 days. Of the amount of USD850,213 outstanding as at 31 December 2020, the group has received total collection of USD53,972 as of the date of this announcement. Nonetheless, barring any unforeseen circumstances, the Group expects further collections from Prisma AI in March 2021 and subsequent months.

With respect to receivable from UAE logistic company and Danish Cryptocurrency company, the group expected collection in March 2021.

The group anticipated slower collection during COVID-19 pandemic but did not foresee any foreseeable losses resulted from the collectability of its debts.

- 2) We noted a net other receivables of RMB 7,808,000.

- i) Please disclose who it is due from, when the amount was incurred and when was it is due?

### Company's Response

Breakdown of net other receivables of RMB7,808,000 is as follows:

	31-Dec-20 RMB'000	When incurred	Due date
Advance to Prisma AI Corporation Pte Ltd ("Prisma AI") (the "Advance")	7,627	October 2019	Expected collection by December 2021
VAT receivables of Tianjin WFOE	153	December 2020	Offset with future VAT payable
Jobs Support Scheme receivable	28	October 2020 - December 2020	March 21
	<b>7,808</b>		

As announced on 25 August 2020, the advance of S\$2 million (approximately RMB10.14 million) was made from Prisma Technologies to Prisma AI Corporation Pte. Ltd. ("Prisma AI") on 10 October 2019 to provide the necessary working capital for the contracts that Prisma Technologies managed for Prisma AI.

- ii) Please also explain why it has not been collected to date and whether the debtor is under any financial difficulties in meeting the debt owing to the Company.

**Company's Response**

As disclosed in the Company's announcement dated 17 March 2020, under the management fee agreement between Prisma Tech and Prisma AI, Prisma Tech is to provide strategic planning, corporate advisory, financial structuring and management consulting services. It was agreed between the parties that the Company would make funds available to or seek funds for Prisma Tech, so that Prisma Tech would be able to fund part of the working capital required. It was agreed that the maximum that Prisma Tech would fund would be S\$2 million (or RMB 10.4 million).

The Advance has been used on a rolling basis for ongoing business to fund Prisma Tech's working capital needs for other contracts Prisma Tech has managed and manages for Prisma AI. However, the Group has progressively requested for repayment from Prisma AI and understood that the delay in repayment was due to slower collections from end customers of Prisma AI during the COVID-19 pandemic. Nonetheless, repayments were progressively made by Prisma AI to Prisma Tech in FY2020, amounting to S\$455,000 as of today.

- iii) Are the receivables expected to be fully collected by 31 December 2021 given that it is classified under current receivables and is there any interest payable for the long outstanding amount owed to the Company?

**Company's Response**

As explained in response to query 2i) above, the company expects the advance will be recovered by 31 December 2021. The Group has been in constant communications with the management of Prisma AI and closely monitoring the outstanding balance of advance to Prisma AI. However, while Prisma AI has expressed its intentions and efforts towards repayment of the advance, Prisma AI is impacted by the current situation with COVID-19, completion of projects and/or collections from customers, especially those in the airport and infrastructure sectors, have become slower.

In determining the management consultancy fees payable by Prisma AI, the parties had taken into account the interest element for the Advance. As a commercial decision, the parties had agreed that no separate interest would be chargeable on the Advance.

**BY ORDER OF THE BOARD**

Peng Weile  
Executive Director  
10 March 2021