

**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 announcements in relation to the condensed interim financial statements for the six months ended 30 June 2022 dated 12 April 2022, 19 August 2022 and 24 August 2022 (the “**Earlier Announcements**”).

*Unless otherwise defined, all capitalized terms herein shall have the meaning ascribed to them in the Earlier Announcements.*

The Board would like to respond to the queries raised by the SGX-ST via RegCo Portal on 29 August 2022 as follows:

**SGX-ST’S QUERIES:-**

**Query 1**

We refer to the Company’s responses to SGX queries announced on 24 August 2022. Based on the Company’s response to query 2(a), we note that the Group had not been paid by Prisma AI for all of the Group’s revenue earned from them since FY2021 to 1H2022 which amounted to S\$1.236 million. In this respect, trade receivables outstanding and due from Prisma AI amounted to S\$1.278 million as at 30 June 2022. In view of the financial difficulties faced by Prisma AI, who is the sole major customer of the Forise Group, as well as its inability to repay its debts to the Group which resulted in the revenue reported for FY2021 and 1H2022 earned from Prisma AI to remain fully outstanding, provide the Board’s view and their basis of how the Group is able to operate as a going concern. Please substantiate your response with data.

**Company’s Response:**

The Board’s view and its basis of how the Group is able to operate as a going concern are as follows:

- (a) As of 30 June 2022, the Group was in net assets and net current assets position of S\$2,916,000. The Group’s cash and cash equivalents as at 30 June 2022 was S\$1,765,000.
- (b) The Group has its ongoing business and revenue. As some projects are still on-going, we did not recognise the revenue in 1HFY22.
- (c) Taking the above into consideration and based on the Group’s cash and bank balances and its cash flow budget for the next 12 months, the Group has adequate financial resources to meet its current payment obligations as and when they fall due.

The management team of the Group has been actively looking for new business opportunities in order to expand the business and improve the performance of the Group. The Group is continually looking for suitable candidates for management role and business partners to work together as well.

## **Query 2**

In the Company's response to query 2(c), we note a decreasing trend in monthly repayments from Prisma AI, falling from \$150k to \$50k, to only \$25k by June 2022. Please disclose the following:

- (a) If any further repayments from Prisma AI to the group were made in July 2022 and August 2022. If any, please quantify.
- (b) Please elaborate on the factors that the Company's board took into account in their assessment of the recoverability of the significant debts owed by Prisma AI and why they were of the view that Prisma AI were able to pay the Group for the services rendered by Prisma Tech. To also quantify the total amount of debts, including non-trade debts owed by Prisma AI to the Group.
- (c) Given the decreasing repayment trend, with the June 2022 repayment being at \$25k only, it is indicative that it will likely take more than 4 years to fully collect the receivables from Prisma AI. In the meantime, the Company paid Prisma Tech's employees \$299k in salaries in the first six (6) months of FY2022. Prisma Tech's employees include Mr Shreeram, who is essentially the owner of Prisma AI. Please justify how contracts with Prisma AI, which generated revenue that is currently uncollectable, as well as bearing the cost of salaries of Prisma AI's personnel vis-a-vis payment of salaries to Prisma Tech's employees, are beneficial to and in the best interest of the Company and its minority shareholders?

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

- (a) The Group received the repayments of S\$10,625 and S\$164,900 in the months of July and August 2022 respectively.
- (b) The factors that the Company's board took into account in its assessment of the recoverability of the debts owed by Prisma AI are as follows:
  - (i) Prisma AI had repaid in full the advance of S\$2 million by 2021.
  - (ii) It had also repaid trade receivables amounting to S\$838,137 in FY2021.
  - (iii) We had received partial payments on a monthly basis from Prisma AI up to August 2022.
  - (iv) Until now, the feedback we received from the management team of Prisma AI is that Prisma AI would continue to pay the amounts owed to the Group.

The audited financial statements of Prisma AI for the financial year ended 31 March 2022 are still in the midst of finalisation. We have reviewed the audited financial statements for the financial year ended 31 March 2021 and did not see a going concern issue for Prisma AI.

The total outstanding balances due from Prisma AI to the Group as at 31 August 2022 are as follows:

	<b>Amount (S\$)</b>
Trade receivables	1,102,645
Non-trade	499
<b>Total</b>	<b>1,103,144</b>

The management team of the Group continues to be in constant communication with the management team of Prisma AI.

- (c) Despite the difficulty in collecting amounts owing from Prisma AI, the Company's joint venture with Prisma AI to set up Prisma Tech in October 2019 enabled the Group to generate revenue in the amount of S\$3,390,000 which resulted in S\$2,112,000 being collected from Prisma AI, and the recognised accumulated profits of Prisma Tech was in the amount of S\$824,000 as of 30 June 2022.

While the issue of the cost of Prisma Tech's employees is connected to the recoverability of the amounts owing from Prisma AI, the Board is of the view that it would not be beneficial to and in the best interest of the Company and its minority shareholders for the Company to immediately

terminate the employment of the Prisma Tech employees without any regard to the existing projects; especially if parties are in the midst of discussing the possibility of securing new projects.

The management team of the Group has been in constant communication with management team of Prisma Tech, and the Group is now in the process of assessing the implementation of new measures, including, without limitation, the reduction of headcount costs.

### **Query 3**

In the Company's response to query 3(a), it was disclosed that the Company did not inject the capital into Raffles Neobank on behalf of its JV partner, Raffles Emi. Instead, the receivables recorded "relates to the amount due from Raffles Emi for the capital injection as we (the Company) are (is) in the process of opening the bank account".

- (a) Please clarify whether the Company has injected its share of \$51k into Raffles Neobank and illustrate the journal entry for the consolidation of Raffles Neobank with the Group to show why the receivable was recorded.
- (b) Please disclose any use of proceeds by Raffles Neobank of the \$100k capital injection to date.
- (c) Noting that Raffles Neobank has been incorporated since 1 April 2022, why is it still not able to open a bank account to date?

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

- (a) The Company has not injected its share of \$51k into Raffles Neobank. The journal entry was as follows:

**At the Company level – in the book of Raffles Neobank on 1 April 2022**

Dr Amount due from holding company \$51,000  
 Dr Amount due from Raffles Emi \$49,000  
 Cr Share capital \$100,000

**At the Company level – in the book of holding company on 1 April 2022**

Dr Investment in Raffles Neobank \$51,000  
 Cr Amount due to Raffles Neobank \$51,000

**At the Group level:**

[i] To eliminate the share capital of \$100,000 in the book of Raffles Neobank on 30 June 2022

Dr Share capital \$100,000  
 Cr Investment in Raffles Neobank \$51,000  
 Cr Non-controlling interest \$49,000

[ii] To eliminate the intercompany balances on 30 June 2022

Dr Amount due to Raffles Neobank – in the book of Holding company \$51,000  
 Cr Amount due from holding company – in the book of Raffles Neobank \$51,000

Thus, after the elimination, there is amount due from Raffles Emi of \$49,000 recorded in the group level.

- (b) Please refer to the expense breakdown as of 31.08.22 as follows:

<b>Description</b>	<b>Amount (S\$)</b>
Legal fees in regards to the review of the agreements	3,799
Staff costs and CPF	23,722
Short term lease	514
Transports and accommodation	515
<b>Total</b>	<b>28,550</b>

- (c) Raffles Neobank is in the process of waiting for the status of the opening of bank accounts. The delay was due to the tight internal processes of the bank.

#### **Query 4**

It was disclosed in the Company's response to query 4 that the Company was paid \$64k to introduce 80 attendees (or \$800 per attendee) under an exclusive arrangement with the Vendor to an Approved Provider to promote training programme and courses to professionals. The Vendor was introduced by Martin Ong to Raffles Neobank.

- (a) How many employees are there in Raffles Neobank and what are their roles?
- (b) What is the principal business of Raffles Neobank and how does it fall within the Group's principal activities of management consultancy and corporate and financial advisory services?
- (c) What is the background of Martin Ong and how was the Company introduced to him?
- (d) Why would the Vendor to the Approved Provider need to seek the assistance of Raffles Neobank instead of promoting the course itself as the Vendor? To provide details of the identity of the Vendor for a better understanding of the arrangements and the background the Company's business model.

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

- (a) There are a total of four (4) employees. Their roles and responsibilities are as follows:

<b>Designation</b>	<b>Responsibilities</b>
Martin Ong Chief Executive Officer (CEO)	Responsible for the overall business strategies, developing growth strategies and business development
Monica Kwok Chief Operating Officer (COO)	Responsible to oversee and manage the operations and corporate functions
Matthias Yeo Chief Technology Officer	An advisor to Raffles Neobank and provides technological support to the Raffles Neobank
Ruan Xinyi Executive	Executing the tasks assigned by CEO. Conducting research on target clients, to understand their needs and to provide relevant solutions.

- (b) As announced on 17 March 2022, the principal business of Raffles Neobank would be the provision of advisory and management services, market research, marketing and promotion services in merchant neobanking solution and membership loyalty programs, especially in respect of advisory and management work in relation to the Merchant Membership Program, while the core business of the Group comprises providing strategic planning, corporate advisory and management consultancy services, which sources for potential customers by tapping on its network of business contacts to refer new projects/contracts to the Group.
- (c) As announced on 22 March 2022, Mr. Martin Ong's background was disclosed in paragraph 2.1.3. Further elaboration was made in the Company's response to Query 1 in its announcement on 28 March 2022, especially in the field of the digital and technology front. Mr Ong was introduced to the Company through its business network.
- (d) The Vendor did not have enough capacity to undertake the work for the Approved Provider. It had approached Raffles Neobank as it has the network relationships with various SMEs which need training and development support for its employees. Raffles Neobank has a better understanding of the needs of the market and participants. Raffles Neobank is also one of the many channels whom the Vendor to the Approved Provider would seek assistance from.

The Group's business model is providing corporate advisory, management consultancy, strategic planning, business analysis and market research services to our customers, and acting as introducer and referrer of potential business partners (business development services) to customers.

As the Group is bound by contractual obligations of confidentiality to the customers, the Group sets out a brief narration of the contracts instead: the Vendor is a programme facilitator that works closely with an approved training operator who designs and markets the courses to professionals.

**BY ORDER OF THE BOARD**

Peng Weile  
Executive Director  
2 September 2022