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

RESPONSE TO QUERIES FROM THE SINGAPORE STOCK EXCHANGE SECURITIES TRADING LIMITED ("SGX-ST") ON INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

The Board of Directors of Forise International Limited (the "**Company**", and together with its subsidiaries, the "**Group**") would like to respond to the queries raised by the Singapore Stock Exchange Securities Trading Limited ("**SGX-ST**") on 20 August 2021 in relation to the interim financial statements announced for the 6-month financial period ended 30 June 2021 on 13 August 2021 (the "**Earlier Announcement**"), as follows:

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

SGX-ST'S QUERIES:-

Query 1

We note that there hasn't been any additional contracts announced by Prisma Tech in FY2021. Tabulate the revenue attributable to Prisma Tech for the 6 months ended 30 June 2021 in the same format as the Company's response to SGX's query (1) announced on 10 March 2021 and explain the reason for the significant decline in revenue despite the contracts being already signed. Please also provide an update on the status of the projects previously announced by the Company and whether these contracts remain intact.

Company's response:

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.

As at the date of announcement, details and the status of the projects previously announced by the Company are as follows:

Customers	Contract date	Estimated completion date	Contract sum USD	Revenue recognised USD	Revenue recognised RMB	% of completion	End customers
Prisma AI Corporation Pte Ltd							
Project 1	21/4/2020	Completed in FY2020	221,779	221,779	1,530,396	100%	Danish Cryptocurrency company
Project 2	12/5/2020	End 2021	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%	Sofrware company in India
Project 4	22/6/2020	Terminated	481,600	192,640	1,329,321	40%	Mumbai Government Agency
Project 5	3/7/2020	End 2021	159,375	63,750	439,910	40%	Secruity Systems Company in India
Project 6	6/7/2020	End 2021	270,250	108,100	745,949	40%	IT Company in India
Project 7	6/7/2020	End 2021	159,120	63,648	439,206	40%	Russian Company - project 1
Project 10	5/8/2020	Completed in June 2021	101,500	101,500	674,160	100%	Container depot company - project 1
Project 11	7/8/2020	Terminated	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	End 2021	297,000	118,800	819,785	40%	Financial Services Company in Columbia
Project 14	11/8/2020	End 2021	122,090	48,836	336,995	40%	Russian Company - project 2
UAE Logistic Company							
Project 8	22/7/2020	Completed in June 2021	52,000	52,000	347,623	100%	
Danish Cryptocurrency company							
Project 9	28/7/2020	Completed in June 2021	45,000	45,000	300,828	100%	
				1,519,153	10,435,838		

The revenue recognised by Prisma Tech for the 6-month financial period ended 30 June 2021 was RMB707,773 (equivalent to USD109,400), derived from Project 8, Project 9 and Project10.

The significant decrease in revenue was mainly due to delays in the projects as a result of the COVID-19 pandemic.

The Company notes that, due to certain commercial considerations of the relevant end customers, Prisma AI and Prisma Tech have mutually agreed that Prisma Tech shall discontinue the provision of the services for Project 4 and Project 11. Save for these two projects, all of Prisma Tech's projects are on-going and the contracts relating thereto remain valid.

Query 2

We note that the increase in employee compensation to RMB3.2 million was due to the payroll expenses incurred by Prisma Tech, despite the 31.5% decline in revenue to RMB1.3 million.

(i) Please disclose the breakdown of the employee compensation amount and headcount for each entity in the group; and

(ii) Justify the substantial increase in employee compensation in spite of the decrease in revenue.

Company's response:

(i) The breakdown of the employee compensation amounts are as follows:

	Forise Internal Limited	**Prisma Technologies Pte Ltd**	**Tianjin Forise Corporation Management Consultancy Limited**	**Total**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
No. of headcount	4	11	4	
Salaries and bonus	970	1,713	395	3,078
Employer's contribution to defined contribution plans including Central Provident funds	69	-	-	69
Other short term benefits	12	-	-	12
Total	1,051	1,713	395	3,159

(ii) The Company notes that new employees of Prisma Tech joined the Group in mid-1H2020. As such, the employee compensation for these new employees was only payable and paid for approximately three months during 1H2020. As these employees were employed for the full six months in 1H2021, employee compensation for these employees was accordingly payable and paid for the full six months thereby resulting in the increase in staff costs for 1H2021 as compared to 1H2020.

Query 3

In comparison to the revenue of RMB1.3 million earned in 1H2021, the professional fees incurred of RMB1 million is substantial. Please disclose a breakdown of the counterparties, amounts, and services rendered.

Company's response:

The breakdown of the professional fees are as follows:

Counterparties	**Nature**	**Amount (RMB'000)**
Nexia TS Public Accounting Corporation	Accruals of audit fees for the financial period ended 30 June 2021	145
SGX-ST	Listing and compliance fees	91
Yan Yun Group Limited	Consultancy charges for business development	240
Harry Elias Partnership LLP	Accrual of secretarial fees for Forise International Limited	16
Harry Elias Partnership LLP	Secretarial work – additional works	48
RHT Corporate Secretarial Pte Ltd	Retainer fees for 1Q 2021	4
BDO LLP	Internal audit fee	49
WTML Management Services Pte Ltd	Accrual of secretarial fees for Prisma Technologies PL	12
URJA Capital Pte Ltd	Consulting, structuring and complete finance management of the projects	400
		1,005

Query 4

Noting that revenue for 1H2021 amounted to only RMB1.3 million while trades receivables amounted to RMB4.4 million, please disclose the aging of the trade receivables in bands of 3 months by customer (including Prisma AI) and elaborate on the reasons for non-payment as well as whether the Group expects to be able to recover any long overdue trade receivables.

Company's response:

The breakdown of the aging of the trade receivables as at 30 June 2021 are as follows:

Customers	**Invoiced amount**		**Ageing**	**Subsequent receipt up to**	**Net exposure**
	USD	**RMB**		**USD**	**USD**
	[a]			**[b]**	**[c]=[a]-[b]**
Prisma AI Corporation Pte Ltd					
Project 3	124,020	800,534	> 90 days	-	124,020
Project 10 (invoice 1)	21,958	141,736	> 90 days	(21,958)	-
Project 10 (invoice 2)	60,900	393,102	current	-	60,900
Project 11	182,520	1,178,145	> 90 days	(182,520)	-
Project 12 (invoice 1)	14,500	93,596	> 90 days	(1,875)	12,625
Project 12 (invoice 2)	21,750	140,394	> 90 days	-	21,750
Project 13	118,800	766,840	> 90 days	-	118,800
Project 14	48,836	315,231	> 90 days	-	48,836
UAE Logistic Company					
Project 8 (invoice 1)	13,362	86,251	> 90 days	-	13,362
Project 8 (invoice 2)	26,000	167,827	current	-	26,000
Danish Cryptocurrency company					
Project 9 (invoice 1)	22,500	145,235	> 90 days	-	22,500
Project 9 (invoice 2)	22,500	145,235	current	-	22,500
	677,646	4,374,126		(206,353)	471,293

The ongoing COVID-19 pandemic continues to cause disruptions across the world, calling for various measures and tighter controls to be implemented, such as travel restrictions and requirements for people to work from home, which has affected many businesses and also triggered slower collection from customers. Nevertheless, the Group continued to receive partial payments from the receivables. In addition, the Group has been monitoring its outstanding accounts receivable balance periodically and closely following up with its customers on collection. The Group has received a total of USD206,353 as of 20 August 2021. Nonetheless, barring any unforeseen circumstances, the Group expects further collections from Prisma AI and other customers in subsequent months.

Query 5

We note that the sublease of office space in UOB Plaza 2 to a third-party company has expired in August 2020. Please quantify the full rental income amount earned and whether such amount has been fully collected.

Company's response:

The rental income earned for the financial year ended 31 December 2020 amounting to RMB216,000 has been collected in the previous financial year.

Query 6

Please elaborate why the COVID-19 pandemic in India has affected the operations of Prisma Tech when many of the contracts announced by the Company with Prisma AI were not based in India. Did the end customer of Prisma AI cancel or put on hold any of the projects which were previously announced such as the 5 consulting contracts in Russia and India, the UAE Container Depot Project, the Capverto Cryptocurrency Project, and the African/Asia Highway Project etc.

Company's response:

Strict measures in place to combat the COVID-19 pandemic in India, such as travel restrictions and requirements for people to work from home due to the outbreak of the COVID-19 pandemic, has affected business operations in India. The Company refers to the table setting out details of Prisma Tech's projects in its response to Query 1 above and notes that a majority of Prisma Tech's on-going projects are based in India and Russia. As set out in the response to Query 1 above, the Company notes that save for Project 4 and Project 11, all projects of Prisma Tech's are currently on-going.

Due to the on-going COVID-19 pandemic, the progress of the projects have been slower than expected. Notwithstanding this, the Group has been monitoring and will continue to actively monitor the project status of each project with the relevant project team in order to ensure that the progress of all on-going projects are on track and able to progress with as little delay as possible in the current challenging circumstances.

Query 7

The negative assurance pursuant to Rule 705(5) of the Listing Manual is required to be provided by all Directors of the Board. Although Rule 705(5) states that the confirmation may be signed by 2 Directors, it is for the purpose of signing on behalf of the Board of Directors. As such, please provide this negative assurance confirmation from all Directors on the Board of the Company.

Company's response:

Each of the Directors on the Board of the Company hereby confirms that, to the best of his knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited interim financial results for the half year ended 30 June 2021 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Peng Weile
Executive Director
24 August 2021