

**THE PROPOSED ACQUISITION OF 7.09% OF THE ISSUED AND PAID-UP SHARE CAPITAL
OF PRISMA TECHNOLOGIES PTE. LTD.**

1. INTRODUCTION

- 1.1 The board of directors (the “**Board**” or the “**Directors**”) of Forise International Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company had on 20 May 2020 entered into a sale and purchase agreement (each a “**SPA**” and collectively the “**SPAs**”) with each of Tierra International Pte Ltd (“**Tierra**”), Lee Soek Shen (“**Mr Lee**”) and Anurita Emmanuel (“**Ms Emmanuel**”) (each a “**Vendor**” and collectively the “**Vendors**”) to acquire an aggregate number of 7,092 ordinary shares (the “**Sale Shares**”) representing approximately 7.09% of the issued and paid-up share capital of Prisma Technologies Pte. Ltd. (the “**Target**”), for an aggregate consideration of S\$1,704,000 (the “**Proposed Acquisition**”).
- 1.2 As at the date hereof, the Company owns 50,100 ordinary shares representing 50.1% of the entire issued and paid up share capital of the Target. Assuming the completion of the Proposed Acquisition, the Company will own 57,192 ordinary shares representing approximately 57.19% of the entire issued and paid up share capital of the Target.

2. INFORMATION ON THE TARGET

- 2.1 The Target is a private company limited by shares incorporated in Singapore and has at the date of this announcement, an issued and paid-up share capital of S\$1,000 comprising 100,000 ordinary shares. The Target is a subsidiary of the Company. On 13 May 2020, Prisma AI Corporation Pte. Ltd. (“**Prisma AI**”), the joint venture partner of the Company in respect of the Target, completed a distribution in specie, pursuant to which shares in the Target were distributed to the shareholders of Prisma AI.
- 2.2 The Target is engaged in the business of providing corporate and financial solutions, advisory services and management consulting services in the area of information technologies specifically in visual security (the “**Target Business**”). The Target Business falls within the existing core business of the Group which comprises the provision of strategic planning, corporate advisory, financial restructuring advisory and management consultancy services (the “**Existing Business**”).
- 2.3 The number of Sale Shares to be acquired by the Company from each Vendor is set out in Section 5.1.2 of this announcement. Assuming the completion of the Proposed Acquisition, Tierra’s interest in the Target will be fully divested, Mr Lee will own 1,967 ordinary shares representing approximately 1.97% of the issued and paid-up share capital of the Target and Ms Emmanuel will own 3,321 ordinary shares representing approximately 3.32% of the issued and paid-up share capital of the Target.

3. INFORMATION ON THE VENDORS

The Vendors are minority shareholders of the Target, which is an existing subsidiary of the Company.

Tierra

Tierra is a company incorporated in Mauritius with its registered office at 2/F, Suite 122, Harbour Front Building, President John Kennedy Street, Port Louis, Mauritius. Tierra is principally engaged in the business of financial services and investments. The directors of

Tierra are Mr Dharam Prakash Tauckoor and Mr Jashveer Shaamal Beeda and the shareholders of Tierra are Mr Prabhu Sathyamoorthy and Mr Rajesh Balasubramanian.

Mr Lee

Mr Lee is a private investor with more than 30 years of experience in areas of strategic analysis, corporate restructuring & turnaround, and capital markets financing, with direct experience across various industries such as securities, oil & gas, real estate, healthcare and technology industries with a focus on strategy and value-creation.

He currently holds several senior executive appointments in companies across the United States of America and Asia.

Ms Emmanuel

Presently, Ms Emmanuel is a private investor. She has previously worked with Citibank as an Analyst and she holds a Master of Business Administration in Marketing from the Indian Institute of Science & Management in Ranchi, Jharkhand, India.

4. RATIONALE FOR THE PROPOSED ACQUISITION

- 4.1 Since the Company's entry into the joint venture agreement in respect of the Target on 3 October 2019, the Target has been awarded three (3) management consulting service contracts, as announced by the Company on 21 October 2019, 27 April 2020 and 18 May 2020. Currently, there are several pipeline projects that are in the process of negotiation and discussion with customers which may be crystallised in the near future. Such potential income from the pipeline projects is of great interest to the Board and the Company. On the other hand, the Company's business prospects in China are looking less than bright, as business activity in China is significantly lower today than it was at the end of 2019, which in turn was already depressed. Furthermore, the Board believes that an enhanced stake in the Target may give potential investors and/or providers of capital to the Target more assurance, which would allow the Target to tap into such additional funding.
- 4.2 The acquisition of additional interest in the Target is also in line with the Group's business strategy to enhance its corporate advisory and management consultancy business in the artificial intelligence sector, which the Board believes has the potential for growth to the benefit of the Company and its Shareholders. To this end, the Proposed Acquisition represents an important strategic step for the Group. The Board is of the view that the acquisition of additional interest in the Target will enhance the long-term interests of Shareholders and will reinforce the Company's earnings base.

5. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

5.1 Introduction

- 5.1.1 Pursuant to the terms of the SPAs, the Company shall acquire the Sale Shares from the Vendors, free and clear of all encumbrances, together with all rights, entitlements and benefits attaching thereto from the date of the SPAs.
- 5.1.2 The number of Sale Shares to be acquired by the Company from each of the Vendors is as follows:

Vendor	Number of Sale Shares to be acquired by the Company
Tierra International Pte Ltd	2,111
Lee Soek Shen	4,310
Anurita Emmanuel	671

Total	7,092
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5.2 Consideration

5.2.1 The aggregate consideration for the sale and purchase of the Sale Shares is S\$1,704,000 (the “**Consideration**”).

5.2.2 The Consideration shall be satisfied by the allotment and issuance by the Company of an aggregate of 426,000,000 ordinary shares in the share capital of the Company, at the issue price of S\$0.004 (the “**Issue Price**”) per share (the “**Consideration Shares**”) to the Vendors. The Issue Price represents a discount of approximately 7% to the average volume weighted average price (“**VWAP**”) of S\$0.0043 of the Company’s shares for the 30 market days prior to the date of this announcement, and a premium of approximately 5% to the average VWAP of S\$0.0038 of the Company’s shares for the 60 market days prior to the date of this announcement.

5.2.3 Upon completion of the Proposed Acquisition, the issued and paid-up share capital of the Company will increase from 2,130,000,000 ordinary shares to 2,556,000,000 ordinary shares (the “**Enlarged Share Capital**”) and the Consideration Shares will represent approximately 16.67% of the Company’s Enlarged Share Capital.

5.2.4 The Consideration shall be satisfied in the following manner:

Vendor	Consideration	Number of Consideration Shares	As a percentage of the Company’s Enlarged Share Capital
Tierra International Pte Ltd	S\$507,232.46	126,808,115	4.96%
Lee Soek Shen	S\$1,035,500.00	258,875,000	10.13%
Anurita Emmanuel	S\$161,267.54	40,316,885	1.58%
Total	S\$1,704,000	426,000,000	16.67%

5.2.5 The Consideration was arrived at after arm’s length negotiations between the Company and the Vendors and on a willing-buyer and willing-seller basis, taking into account, *inter alia*, the factors and rationale as set out in Section 4 of this announcement and the potential future earnings of the Target.

5.2.6 The Consideration Shares are intended to be issued pursuant to the general share issue mandate approved by shareholders at the annual general meeting of the Company convened on 29 April 2019 (the “**General Mandate**”). The General Mandate authorises the Directors to allot and issue not more than 426,000,000 new ordinary shares in the Company on a non-pro rata basis.

5.3 Conditions Precedent

5.3.1 The completion of the Proposed Acquisition is conditional upon, *inter alia*, the satisfaction of the following conditions no later than 26 June 2020:

- (a) the Company obtaining such approval(s) from its board of directors in connection with the SPAs and the transactions contemplated therein as may be necessary;
- (b) all necessary consents or approvals, if any, from third parties (including without limitation, rights of pre-emption or first refusal) or governmental or regulatory bodies or competent authorities having jurisdiction over the sale of the Sale Shares (including without limitation but only where required, the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) and the relevant licensing authorities) and where any such consent or approval is subject to any conditions, such conditions being reasonably acceptable to the party on which they are imposed, and if such conditions are required to be fulfilled before completion of the

Proposed Acquisition, such conditions being fulfilled before completion of the Proposed Acquisition, as the case may be, and such consents or approvals not being revoked or repealed on or before completion of the Proposed Acquisition, as the case may be;

- (c) approval in-principle for the listing and quotation of the Consideration Shares on the Official List of the SGX-ST having been obtained from the SGX-ST and remaining in full force and effect and where such approval is given subject to conditions which must be fulfilled on or before the Completion Date (as defined below), such conditions being reasonably acceptable to the respective Vendor or fulfilled by the Company, as the case may be;
- (d) the General Mandate pursuant to Rule 806 of the listing manual of the SGX-ST (the "**Listing Manual**") remaining in full force and effect on the Completion Date;
- (e) to the extent required by the Listing Manual and/or applicable laws, the approval of the shareholders of the Company in general meeting having been obtained for the entry into and completion of the Proposed Acquisition, including but not limited to the issue and allotment of the Consideration Shares; and
- (f) the representations and warranties of the relevant Vendors in the relevant SPA being true, accurate and correct in all material respects as if made on the Completion Date, with reference to the then existing circumstances and the relevant Vendor having performed in all material respects all of its obligations therein to be performed on or before the Completion Date.

5.3.2 The Consideration Shares will rank *pari passu* in all respects with the ordinary shares in the capital of the Company existing as at their date of issue except for any dividends, distributions or entitlements the record date of which falls on or before the Completion Date. The Company will be submitting an application to the SGX-ST for the listing and quotation of the Consideration Shares.

5.4 Completion

Completion in respect of each SPA shall take place on date falling 5 business days after all conditions precedent are obtained or such other date as the parties may agree (the "**Completion Date**").

6. **KEY FINANCIAL INFORMATION ON THE TARGET**

6.1 Value of the Target

Based on the Target's latest unaudited financial statements for the financial period from 3 October 2019 (being the date of incorporation of the Target) to 31 December 2019, the book value and net tangible assets of the Target was approximately S\$82,212 and the book value and net tangible assets of the Target attributable to the Sale Shares was approximately S\$5,800.

6.2 Profit attributable to the Sale Shares

As the Company owns 50.1% of the entire issued and paid up share capital of the Target, the net profit* attributable to the Sale Shares, before taking into account any associated costs and liabilities of the Proposed Acquisition, have been reflected in the latest announced audited consolidated financial statements of the Group for the financial year ended 31 December 2019 ("**FY2019**").

Assuming that the Proposed Acquisition was completed on 31 December 2019 and taking into account any associated costs and liabilities of the Proposed Acquisition (i.e.

approximately S\$56,000), the net profit⁽¹⁾ attributable to the Sale Shares will be approximately S\$5,980 as the Target is an existing subsidiary of the Group with its results for 31 December 2019 being consolidated in the Group's results, thus, there will be no further impact on the net loss of the Group for FY2019 except for the additional associated costs and liabilities incurred for the Proposed Acquisition.

Note:

- (1) "net profits" means profit including discontinued operations that have not been disposed and before income tax and non-controlling interests.

Notwithstanding that the Target was only incorporated on 3 October 2019, it has strong pipeline projects introduced by Prisma AI. The current management consulting contracts are jointly managed by the Target and Prisma AI. The Target shall gain more in-depth know-how and experiences through the awarded contracts and build up its market presence and reputation in the information technology industry. The Target has also been building its team and staff recruitment is currently underway. As set out in paragraph 4.1 above, there are currently several pipeline projects that are in the process of negotiation and discussion with customers which may be crystallised in the near future.

7. SOURCE OF FUNDS

The Consideration for the Proposed Acquisition will be fully satisfied by the issue of the Consideration Shares.

8. PROPOSED SHARE CONSOLIDATION

As announced by the Company on 19 March 2020, the Company is proposing to undertake a share consolidation of every fifty (50) existing ordinary shares in the capital of the company at a books closure date to be determined by the Board (the "**Books Closure Date**") into one (1) ordinary share (the "**Proposed Share Consolidation**"). Shareholders should note that the Proposed Acquisition and the issue and allotment of the Consideration Shares are intended to be completed prior to the Books Closure Date. The Company will make further announcements on the Proposed Share Consolidation as appropriate or when there are further developments on the same.

9. RELATIVE FIGURES UNDER RULE 1006 IN CHAPTER 10 OF THE LISTING MANUAL

Pursuant to Rule 1002(1) of the Listing Manual, a "transaction" under Chapter 10 of the Listing Manual excludes an acquisition or disposal which is in, or in connection with, the ordinary course of an issuer's business. As the Proposed Acquisition would increase the Company's shareholding interest in an existing subsidiary and the Proposed Acquisition is in, or in connection with, the ordinary course of the Group's Existing Business, Chapter 10 is not applicable.

Notwithstanding that Chapter 10 is not applicable, the relative figures computed on the relevant bases set out in Rule 1006 of the Listing Manual in respect of the Proposed Acquisition and based on the latest announced audited consolidated financial statements of the Group for FY2019 are set out below for illustration purposes only:

Rule 1006	Base	Relative figure computed in accordance with the bases set out in Rule 1006
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable as there is no disposal of assets.
(b)	The net profits ⁽¹⁾ attributable to the Sale Shares, compared with the Group's net loss	(0.112)% ⁽²⁾
(c)	The aggregate value of the Consideration of S\$1,704,000, compared with the Company's market capitalisation ⁽³⁾ of approximately S\$21,939,000 based on the total number of issued shares excluding treasury shares	7.8%
(d)	The number of equity securities issued by the Company of up to 426,000,000 as consideration for the Proposed Acquisition, compared with the number of equity securities previously in issue of 2,130,000,000	20.0%
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves	Not applicable.

Notes:

- (1) "net profits" means profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests.
- (2) The net profit attributable to the Sale Shares is approximately S\$5,980 based on the unaudited financial statements of the Target for the financial period from 3 October 2019 (being the date of incorporation of the Target) to 31 December 2019 (arising from the associated transaction cost to be incurred for the Proposed Acquisition of approximately S\$56,000). The Target is an existing subsidiary of the Group and its net profit has already been consolidated into the Group's latest announced audited consolidated financial statements for FY2019 whilst the Group posted a net loss of approximately RMB27,594,000 (equivalent to approximately S\$5,331,000, based on the latest announced audited consolidated financial statements of the Group for FY2019).
- (3) "market capitalisation" is calculated by the number of shares of the Company (excluding treasury shares) multiplied by the VWAP of S\$0.0103 of the Company's shares as at 19 May 2020, being the last trading day before 20 May 2020, the day the SPAs were signed.

10. FINANCIAL EFFECTS

10.1 Bases and Assumptions

The *pro forma* financial effects of the Proposed Acquisition are based on, *inter alia*:

- (i) the audited consolidated financial statements of the Company and the Group for FY2019; and
- (ii) the unaudited financial statements of the Target for the financial period from 3 October 2019 (being the date of incorporation of the Target) to 31 December 2019.

The *pro forma* financial effects are presented for illustration purposes only and are not intended to reflect the actual future financial situation of the Company or the Group following the completion of the Proposed Acquisition.

10.2 Net Tangible Assets (“NTA”) per share

Assuming that the Proposed Acquisition was completed on 31 December 2019, the *pro forma* financial effects of the Proposed Acquisition on the consolidated NTA of the Group are as follows:

	<i>Before the Proposed Acquisition</i>	<i>After completion of the Proposed Acquisition</i>
Consolidated NTA attributable to the Shareholders (RMB)	18,247,000	18,247,000 ⁽¹⁾
Number of Shares	2,130,000,000	2,556,000,000
Consolidated NTA per share attributable to the Shareholders (fen)	RMB0.86 fen	RMB0.71 fen

Note:

- (1) There is no change in the NTA of the Group as at 31 December 2019 before and after the Proposed Acquisition as the Proposed Acquisition is completed with minority shareholders of a subsidiary under common control via the issuance of Consideration Shares.

10.3 Earnings per Share (“EPS”)

Assuming that the Proposed Acquisition was completed on 1 January 2019, the financial effects of the Proposed Acquisition on the EPS of the Group are as follows:

	<i>Before the Proposed Acquisition</i>	<i>After completion of the Proposed Acquisition</i>
Consolidated loss after taxation and minority interests (RMB)	27,385,000	27,385,000
Weighted average number of shares	2,130,000,000	2,556,000,000
Consolidated EPS (fen)	RMB1.29 fen	RMB1.07 fen

11. **SERVICE AGREEMENTS**

As at the date hereof, no person is proposed to be appointed as a Director of the Company in connection with the Proposed Acquisition. Accordingly, as at the date hereof, no service contract is proposed to be entered into between the Company and any such person in connection with the Proposed Acquisition.

12. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Company's Directors or controlling shareholders or their associates has any interest, direct or indirect, in the Proposed Acquisition, other than through their respective shareholdings (if any) in the Company.

13. CAUTIONARY STATEMENT

Shareholders are advised that the completion of the Proposed Acquisition is subject to the conditions precedents in the SPAs being fulfilled and there is no certainty or assurance that the Proposed Acquisition will be completed or that no changes will be made to the terms of the SPAs. Accordingly, shareholders are advised to exercise caution in dealings with the shares, to read this announcement and any further update announcement(s) released by the Company carefully and should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

14. RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Acquisition, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

15. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the SPAs will be available for inspection during normal business hours at the Company's registered office at 80 Raffles Place, #11-20 UOB Plaza 2, Singapore 048624 for a period of three (3) months from the date of this announcement. Shareholders should note that in compliance with the Singapore Government's "circuit breaker" measures to minimise further spread of the on-going COVID-19 outbreak announced on 3 April 2020 and 21 April 2020, the Company's registered office will be closed from 7 April 2020 to 1 June 2020 (inclusive).

BY ORDER OF THE BOARD

Peng Weile
Executive Director
20 May 2020