

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 interim financial statements announced for the 6-month financial period ended 30 June 2021, dated 13 August 2021 and 24 August 2021 (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 30 August 2021 as follows:

SGX-ST’S QUERIES:-

Query 1

We note that the estimated completion date of the Company’s contracts pertaining to Projects 2, 5, 6, 7, 13 and 14 in its 10 March 2021 announcement were disclosed to be between April 2021 to August 2021. Please disclose if the Company will be compensated for the postponement of the contracts and whether any liquidated damages will have to be paid by Prisma AI Corporation Pte. Ltd. (“**Prisma AI**”) to the end customers for the delay in completion. To also provide clarification on why all contracts were postponed to the similar period of “End 2021” and whether Prisma AI and Prisma Technologies Pte Ltd (“**Prisma Tech**”) have sufficient resources to be able to complete such contracts all at the same time.

Company’s Response:

The Company notes that no compensation will be paid to it for the postponement of the contracts and, to the best of the Company’s knowledge, no liquidated damages will have to be paid by Prisma AI to the end customers for the delay in completion as the delays are due to the on-going COVID-19 pandemic which continues to cause disruptions across the world. The Group has been monitoring and will continue to actively monitor the status and progress 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 proceed with as little delay as possible in the current challenging circumstances. These projects are targeted to complete by end of this year, as agreed with the end customers, but without a fixed timeline on account of the on-going COVID-19 pandemic which makes it difficult to anticipate if governments will implement any further measures to combat the pandemic and how such measures or the pandemic will affect the expected progression of the projects. The Company notes that Prisma Tech has sufficient resources to complete the relevant contracts by the end of this year. The Company notes that Prisma AI is its joint venture partner and not a part of the Group. As such, the Company is not privy to, nor in a position to, provide a confirmation as to the sufficiency of Prisma AI’s resources.

Query 2

We note that projects 4 and 11 had been terminated. Please clarify the following:

- (i) What were the commercial considerations stated by the Mumbai Government Agency and the Indian Government department that resulted in the terminations?
- (ii) What are the damages/costs allowed under the contract for such terminations?

- (iii) What was the date when the termination notice was given and why was this not announced by the Company (noting that it had announced the contract)?

Company's Response:

- (i) The end customers had indicated their preference for the sub-contractor of the projects to be local Indian companies for administrative reasons.
- (ii) There were no damages or costs due or payable for such terminations.
- (iii) The Company notes that Project 4 was terminated on 16 August 2021 whilst Project 11 was terminated on 19 August 2021. The Company had not announced the termination of the projects as, upon careful consideration of the disclosure requirements under Chapter 7 and Appendix 7.1 of the Listing Manual and the facts of the situation, the Board was of the opinion that it did not fall under any of the specific circumstances requiring an announcement, and would not establish a false market in the Company's securities nor be likely to materially affect the price or value of the Company's securities.

Query 3

We refer to the breakdown of the employee compensation amounts tabulated by the Company in its response to Query 2(i) previously announced on 24 August 2021. Please disclose the following:

- (i) Tabulate the comparative figures containing the same breakdown of the employee compensation amounts and headcounts for each entity for the 6 months ended 30 June 2020
- (ii) Whether there are any personnel in the headcount of 4 in Forise International Limited ("**Forise**"), 11 in Prisma Tech and 4 in Tianjin Forise Corporation Management Consultancy Limited ("**Tianjin Forise**") who are the same person drawing salaries across different entities.
- (iii) The total salaries for the 11 headcount in Prisma Tech for the 6 months ended 30 June 2021 amounted to RMB 1,713,000, or approximately S\$357,000. However, revenue for the Group for the 6 months ended 30 June 2021 amounted to only RMB 1,338,000, or approximately S\$279,000. Please provide details of these 11 headcounts and their roles and responsibility in Prisma Tech which led to such a significant amount of cost to the Group.
- (iv) The total salaries for the 4 headcount in Forise for the 6 months ended 30 June 2021 amounted to RMB 970,000 or approximately S\$202,000. Please provide details of these 4 headcounts and their roles and responsibilities in Forise noting that no revenue was derived from Forise.

Company's Response:

- (i) The breakdown of the employee compensation amounts for the 6-months ended 30 June 2020 is 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	3	11	5	
Salaries and bonus	920	884	601	2,405
Employer's contribution to defined contribution plans including Central Provident funds	67	-	-	67
Total	987	884	601	2,472

(ii) Leo Peng Weile, who is a Director of Forise, is also an employee of Tianjin Forise, and draws a director's remuneration and a salary from Forise and Tianjin Forise respectively. As an employee of Tianjin Forise, he holds a work permit (for which an application criterion was that the applicant must be a salaried employee) to work in China and is involved in the business activities of Tianjin Forise, and therefore draws a monthly salary in relation to his job scope in Tianjin Forise.

(iii) The breakdown is as follows:

Name	Role	Responsibility
Shreeram Subramaniam Iyer	Managing Director	Manages the day-to-day operations
Mayur Thorve/ Pranal Gore	Project manager	Oversees the projects in order to ensure the progress of the projects are on track
Krishnaprasad R/ Harish Ratudi/ Gopal Singh/ Ganpat Singh/ Anil Patel/ Akshay Patil/ Unnati Bhoir/ Rakeshkumar Yadav	Consultant	Provides consultancy services in regard to the projects

Although the revenue for the 6-months ended 30 June 2021 was minimal, this was due to the on-going COVID-19 pandemic and strict measures in place to combat the COVID-19 pandemic in India. This has resulted in delays in the progression of the projects, and consequently, low revenue recognised for 1H2021. However, our project teams are closely monitoring the situation in order to ensure that the progress of the projects are on track and able to progress smoothly so as to target for completion by this year.

(iv) The breakdown is as follows:

Name	Role	Responsibility
Leo Peng Weile	Executive Director	In charge of management and operation of the Group's business
Boye Kobaek Hartmann	Executive Director	In charge of management of the Group's I.T. related business
Cheong Yee Yang	Group Financial Controller	Oversees the financial and operation of the Group
Patricia Chow	Account Executive	Prepares management accounts for the Company and its subsidiaries

While Forise is an investment holding company, the staff personnel are also involved with work in relation to the other subsidiaries in the Group. With effect from July 2021, the Group has implemented a cost savings plan including but not limited to salary reductions, in order to cut costs and to tide the Group through this challenging period, including the weaker economy due to the on-going COVID-19 pandemic.

Query 4

Despite revenue earned for 1H2021 of only RMB 1,338,000 and employee compensation expenses amounting to RMB 3,159,000 for the Group's 19 employees, the Group also incurred professional fees of RMB 400,000 for consulting, structuring and complete finance management of the projects in 1H2021 provided by URJA Capital Pte Ltd ("**URJA**"). Please disclose the following information on URJA:

- (i) Paid-up capital;
- (ii) Date of incorporation;

- (iii) Registered office;
- (iv) Beneficial shareholders and directors of URJA and whether these persons have connections or are associated with the Company, Prisma Tech, Prisma AI or their respective directors, shareholders and key management;
- (v) Operating track record of URJA;
- (vi) How the Company was introduced to URJA and who does the Company work with from URJA? Please include the position of the individual(s);
- (vii) Whether any fees or expenses were payable/paid to URJA in the corresponding comparative period and in FY2020;
- (viii) The detailed scope of work pertaining to the substantial fee of RMB 400,000 paid to URJA;
- (ix) Why URJA needed to be engaged instead of the Group's employees carrying out these activities themselves given that URJA provides similar services to the principle activities of the Group; and
- (x) Which projects were they involved in and why were their services required only in FY2021 given that there were no new projects taken up in FY2021.

Company's Response:

Please refer to the replies below:

- (i) SGD 10,000
- (ii) 30 October 2018
- (iii) 5 Coleman Street, #02-17 Peninsula Excelsior Hotel, Singapore 179805
- (iv) URJA is wholly owned by Amrish Dhirajlal Thadeshwar. The directors of URJA are Amrish Dhirajlal Thadeshwar and Basheer Ahmad S/O Abdul Ravoof. None of these persons have any connection the Group and Prisma AI and their respective directors, shareholders and key management.
- (v) URJA is incorporated in Singapore, and is a wholesale trader of a variety of goods including IT related products, as well as a provider of IT solutions.
- (vi) The Company was introduced to URJA through the customer.
- (vii) No
- (viii) URJA provides IT solutions and consultancy services to the Company's projects.
- (ix) The Company engaged URJA to manage the progression of the projects, due to the unavailability of certain resources, as a result of the strict measures in place to combat the COVID-19 pandemic in India such as requirements for people to work from home, and the pressure from the customer to complete the projects within the timeline.
- (x) As mentioned above, the services provided by URJA is to manage the progression of the projects due to the unavailability of certain resources due to the on-going COVID-19 pandemic.

Query 5

In addition to the RMB 400,000 expenses incurred from URJA's services, there was also a further RMB 240,000 paid to Yan Yun Group Limited ("**Yan Yun**") for consultancy on business development. Please disclose the following information of Yan Yun:

- (i) Paid-up capital;
- (ii) Date of incorporation;
- (iii) Registered office;
- (iv) Beneficial shareholders and directors of Yan Yun and whether these persons have connections or are associated with the Company, Prisma Tech, Prisma AI or their respective directors, shareholders and key management;
- (v) Operating track record of Yan Yun;
- (vi) How the Company was introduced to Yan Yun and who does the Company work with from Yan Yun? Please include the position of the individual(s);
- (vii) Whether any fees or expenses were payable/paid to Yan Yun in the corresponding comparative period and in FY2020;
- (viii) The detailed scope of work pertaining to the substantial fee of RMB 240,000 paid to Yan Yun;
- (ix) Why Yan Yun needed to be engaged instead of the Group's employees carrying out these activities themselves given that Yan Yun provides similar services to the principle activities of the Group; and
- (x) Whether the services provided by Yan Yun relate to ongoing projects of the Group. If no, please explain why such services are required by the Group.

Company's Response:

Please refer to the replies below:

- (i) HKD10,030
- (ii) 3 May 2019
- (iii) Flat 1512,15/F, Silvercord Tower 2, 30 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong
- (iv) The directors are Chan Kin Man Edward, Chim Lok Hei Helen, Hou Ming, Kwok Yin Hon Adley and Tsang Kwok Yung Franky. There is no available information on the beneficial owners. None of these persons have any connection the Group and Prisma AI and their respective directors, shareholders and key management.
- (v) Yan Yun is a Hong Kong based family office service provider which provides financial solutions to its customers, including corporate finance, asset management, financial planning, corporate secretary services, among others. Yan Yun mainly serves high net worth or ultra high net worth customers.
- (vi) The Company was introduced to Yan Yun through our former Executive Chairman, Mr. Wang Xin. The Company liaised with Yan Yun's director, Mr. Tsang.
- (vii) Yes

- (viii) The Company had intended to expand new businesses into the Hong Kong market, however, it did not have resources or expertise in Hong Kong. Thus, the Company engaged Yan Yun to assist with exploring the opportunities available in Hong Kong, such as for corporate finance, asset management, insurance brokerage and real estate business opportunities. Yan Yun provided the Company with consultancy services on business opportunities, advised on local government rules and regulations, referred relevant business partners to the Company and gave the Company feasibility advice, among others. Generally, Yan Yun helped with the business development and marketing of the Company's existing business.
- (ix) As mentioned above, the Company does not have resources and expertise in Hong Kong, and none of the Group's employees possessed the relevant knowledge and expertise which Yan Yun provided. In furtherance of the Group's intention to continue to explore new business opportunities, the Group therefore engaged Yan Yun's services to assist the Group to understand the local market's industries and also link the Group up with potential business partners in Hong Kong. With a better understanding of the Hong Kong market, the Group may be able to better explore the future business in Hong Kong. Furthermore, as Hong Kong is Asia's financial centre, with the reduction of business in the People's Republic of China, the Group hopes to explore the new business opportunities in Hong Kong. Thus, the Group had therefore engaged Yan Yun to explore and do the market research in Hong Kong on behalf of the Group, as this would be cost-effective to set up the office and staffing in Hong Kong.

The Group has since terminated the services of Yan Yun in 1Q2021.

- (x) The services provided by Yan Yun were related to the Group on-going's projects. In addition to the benefits received by Group itself in paragraph (ix) above, the Group also in turn provided the services and advice given by Yan Yun to the Group's customers. The services therefore benefitted the Group in two ways, as the Group could not only provide the services to its customers, expanding the Group's scope of business to the customers, but also assisted the Group with exploring the business in Hong Kong itself.

Query 6

We refer to the table in the Company's response to Query 1 previously announced on 24 August 2021. Please provide details of which projects in the table are based in India and Russia and what % of the Group's total contract revenue had been derived from India and Russia.

Company's Response:

Except for Project 1, Project 2, Project 8, Project, Project 12 and Project 13, the rest of the projects are based in India and Russia. 64% of the Group's total contract revenue is derived from the projects based in India and Russia.

BY ORDER OF THE BOARD

Peng Weile
Executive Director
2 September 2021