

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

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The Board of Directors of Forise International Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the Company’s earlier announcement in relation to the condensed interim financial statements for the six months ended 30 June 2022 dated 12 April 2022 (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 17 August 2022 as follows:

**SGX-ST’S QUERIES:-**

**Query 1**

We refer to the Company's financial statements for the half-year ended 30 June 2022. We note employee compensation has increased to S\$522k for the period from 1 January 2022 to 30 June 2022 ("1H FY22") as compared to S\$321k for the period from 1 July 2021 to 31 December 2021 ("2H FY21").

(a) Provide a breakdown by entity within the group of the employee compensation as well as headcount for 1H FY22 as well as 2H FY21.

(b) Explain the reasons for the significant increase of 62.6% in employee compensation between 2H FY21 and 1H FY22.

**Company’s Response**

a) The breakdown of the employee compensation and headcount is as follows:

	1HFY22		2HFY21	
	\$'000	Headcount	\$'000	Headcount
Forise International Limited (“FIL”)	132	2	87	3
Prisma Technologies Pte Ltd (“Prisma Tech”)	299	11	160	11
Tianjin Forise Corporation Management Consultancy Limited (“Tianjin Forise”)	74	4	74	4
Raffles Neobank Solutions Pte Ltd (“Raffles Neobank”)	17	3	-	-
<b>Total</b>	<b>522</b>	<b>18</b>	<b>321</b>	<b>18</b>

- b) The lower amount of employee compensation in 2HFY21 was mainly due to a higher amount of compensation deductions being made for 2HFY21. The amount of deductions made during 2HFY21 were to cover both periods of 1HFY21 and 2HFY21 (as compared to 1HFY22 where deductions were made to cover just the period of 1HFY22 itself), as the cost-saving efforts were discussed in early FY2021, but then implemented in 2HFY21 as though it had taken effect on 1 January 2021. The reason for this arrangement was to allow the management team to monitor the Company's performance and if deemed fit adjust the cost-savings measures accordingly. The cost-saving efforts include reducing the salaries of the Company's executive directors, and reducing the salary of the management team of Prisma Tech. Until now, the cost-saving efforts are still ongoing, except that in contrast to 2HFY21 where deductions were made to cover the period of 1HFY21 and 2HFY21, the deductions for 1HFY22 need only cover the period of 1HFY22 itself.

### **Query 2**

We note that the Group has significant trade receivables of \$1,363k as compared to its 1H FY22 revenue of \$192k. Disclose the aging of Trade receivables broken down by significant debtor. Include the upper limit for each of the age brackets and provide the Board's assessment of the recoverability of long outstanding trade receivables.

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

The ageing of the trade receivables as at 30 June 2022 is as follows:

<b>Customers</b>	<b>Ageing category</b>	<b>\$'000</b>
Prisma AI Corporation Pte Ltd ("Prisma AI")	>180 days	1,278
Programme facilitator company	Current	64
Assets management company	Current	21
<b>Total</b>		<b>1,363</b>

Based on historical payment trends, the trade receivables from Prisma AI are likely to be collected in monthly payment intervals, hence, taking into consideration the negative impacts from the pandemic and the global economic uncertainties, the Board assesses the recoverability to still be reasonable. We will closely monitor the outstanding balance due from relevant parties.

### **Query 3**

We also note significant other receivables of \$4,207k as at 30 June 2022. Disclose who the debtors of the other receivables are and what is the nature of these receivables. For the amounts owed by Le Rong Corporation Management (Shenzhen) Co., Ltd, for which the Company has fully impaired, provide an update on the collection of these receivables and explain why the Company has not written off these receivables to-date.

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

<b>Receivables</b>	<b>Nature</b>	<b>\$'000</b>
Le Rong Corporation Management (Shenzhen) Co., Ltd	Loan -the fully allowance was provided in FY2019	4,095
Le Rong Corporation Management (Shenzhen) Co., Ltd	Payment on behalf and including but not limited to recharges lawyer fees as	63

	announced by the Company on 8 March 2022	
Raffles Emi Pte Ltd	Capital injection to the JV company – Raffles Neobank Solutions Pte Ltd	49
<b>Total</b>		<b>4,207</b>

The Company has not written off these receivables to-date of \$4,095k, as the Company is still taking steps to collect the amount. As announced by the Company on 8 March 2022 and 21 March 2022, the Group had engaged a Chinese law firm to advise on the process and cost involved in recovering the account receivables from the end customers. There is no outcome as at to-date, as the real estate and related sectors in China are still not optimistic. The Company will re-assess this by end of this financial year after discussion with the Chinese law firm on the outcome and apply the relevant accounting treatment as required.

#### **Query 4**

We note that the Group recorded Professional fees of \$165k in 1H FY22 that did not pertain to its corporate advisory and management consultancy segment. Disclose the identities of these professionals and the nature of services that were provided to the Group.

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

<b>Services</b>	<b>\$'000</b>
External auditors – accrual of audit fees: January to June 2022	31
Internal auditors – accrual of Internal Audit and Enterprise Risk Management: January to June 2022	6
Share registrar – retainer fees: January to June 2022	2
Share registrar – professional fees for coordination, preparation and votes counting for AGM FY2021	1
Corporate secretary – secretarial fees: January to June 2022	6
SGX-ST – listing fees and other expenses	119
<b>Total</b>	<b>165</b>

#### **Query 5**

We note that Raffles Neobank Solutions Pte Ltd had secured one new contract during the financial period. Disclose the key terms of the new contract such as the nature of the work performed, the contract amount, the contract duration, as well as the counterparty and whether they are related to the Company, its directors, substantial shareholders or Raffles Emi Pte. Ltd., the JV partner.

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

Raffles Neobank Solutions Pte Ltd (“Raffles Neobank”) only acts as the referrer to promote training programmes and courses to the potential customers and charges a referral fee of S\$64,000. There is no contract duration as such service is paid on a success basis. None of the Company's previous or current directors, key management personnel, substantial shareholders or the JV partner have any interest in the programme facilitator company.

**Query 6**

We refer to Appendix 7.2, paragraph 12 of the Listing Manual. It is stated that if no dividend is declared, the Company is required to explain the reason why. Please provide the reasons for not declaring dividends in respect of the current financial period

**Company's Response**

There are no dividends declare in respect of the current financial period, as the Company does not have accumulated profits to distribute. As the cash balance of the Company is not large, the Company needs financial resources to maintain its current operations and venture into new business opportunities. This is the same reason that the cost-savings plan was implemented, so as to reserve the Company's financial resources for business development.

**BY ORDER OF THE BOARD**

Peng Weile  
Executive Director  
19 August 2022