

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 and 19 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 22 August 2022 as follows:

SGX-ST’S QUERIES:-

Query 1

We refer to the Company's responses to SGX queries dated 19 August 2022. In the Company's response to query 1(a), we note that employee compensation for Forise International Limited increased by 52% from \$87k in 2HFY21 to \$132k in 1HFY22 despite the reduced headcount from 3 to 2 employees and revenue for 1HFY22 falling by 86% to \$192k compared to the 2HFY21 revenue of \$1,420k.

- (a) Please elaborate on the reasons for the significant increase in compensation to the 2 employees and the reason why the compensation to these 2 employees is almost the amount of revenue generated by the Group in 1HFY22. To also disclose the respective roles and contributions of these 2 employees in Forise International Limited.
- (b) We also note that employee compensation in 1HFY22 by Prisma Technologies Pte Ltd ("Prisma Tech") increased 87% to \$299k with the number of employees remaining unchanged at 11 persons. This amount exceeded the 1HFY22 revenue of the Group of \$192K. Disclose the amount of revenue generated in 1HFY22 by the 11 employees in Prisma Tech that were paid \$299k and elaborate on the reasons for the significant increase in employee compensation of 89% by Prisma Tech. To also disclose the roles and responsibilities of the 11 employees in generating this revenue.

Company’s Response

- (a) The cost-saving efforts was effective from January 2021. The lower amount of employee compensation in 2HFY21 was due to the higher amount of reduction made for 2HFY21, which was at 35% reduction rate. There was no increase in the monthly salaries of the two employees. The reduction rate of 35% for the full year salary made during 2HFY21 covered the periods for 1HFY21 and 2HFY21, as compared to the reduction rate of 20% covering the period for 1HFY22.

The roles and contributions of the 2 employees in Forise International Limited (“FIL”) are as follows:

Name	Role	Responsibility
Peng Weile	Executive Director	In charge of management and operation of the Group's business, business development and project execution
Yap Yoke Peng	Financial Controller	Oversees the financial matters of the Group

While FIL is an investment holding company, the employees are also involved in works in relation to the other subsidiaries of the Group.

- (b) The cost-saving efforts was effective from January 2021. The lower amount of employee compensation in 2HFY21 was due to the higher amount of reduction made for 2HFY21. There was no increase in the monthly salaries. The reduction rate of 28% for the full year salary made during 2HFY21 covered the periods of 1HFY21 and 2HFY21. In comparison, the reduction rate was reduced to 15% covering the period of 1HFY22. The revenue generated for 1HFY22 was \$108,000. The lower revenue was due to the challenging market and ongoing COVID-19 pandemic, which had caused delays in the project. The management team of Prisma Tech has been actively looking for new business opportunities. We are re-assessing Prisma Tech's performance and will implement further measures in Prisma Tech.

The roles and contributions of employees in Prisma Tech 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 the 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

Query 2

In the Company's response to query 2, we note significant overdue trade receivables of \$1,278k owed by Prisma AI Corporation Pte Ltd ("Prisma AI")

- (a) Provide a breakdown of the trade receivables from Prisma AI of \$1,278k in bands of no wider than 30 days and disclose the breakdown in respect of the various FYs in which the amount of S\$1,278k was reportedly earned as revenue. The upper limit for each age band must be specifically disclosed in the breakdown.
- (b) Elaborate on why Prisma AI has been unable to repay this significant amount to the Company and disclose the state of affairs of Prisma AI and whether they are facing any financial difficulties in repayment.
- (c) The Company disclosed that the amount of \$1,278k due from Prisma AI is likely to be collected in monthly payment intervals. To disclose the amount of monthly payments made by Prisma AI to the Company between January 2022 and June 2022.
- (d) Based on the contractual terms, when was Prisma AI supposed to have repaid the amounts due? Has Prisma AI collected the amounts due from their end customers of the respective contracts for the amounts due to the Company? Please provide details of the collection from end customers and explain why such collections did not flow down to the Company to repay the outstanding trade receivables owed to the Company.

Company's Response

- (a) The breakdown of the ageing of the trade receivables as at 30 June 2022 are as follows:

Ageing	Receivable balance @ 30 June 2022		Revenue recognised	
			FY2021	1HFY2022
	US\$	S\$	S\$	S\$
Current*	79,200	110,173	-	108,067
121 days to 150 days*	143,254	199,276	192,445	-
151 days to 180 days*	178,200	247,889	239,390	-
181 days to 210 days	257,622	358,370	346,084	-
211 days to 240 days	212,070	295,004	284,891	-
301 days to 330 days	22,500	31,299	30,226	-
331 days	25,994	36,159	34,929	-
Total	918,840	1,278,170	1,127,965	108,067

* In this regard, the Company wishes to correct an earlier inaccurate disclosure made on 19 August 2022 on the ageing category.

- (b) Prisma AI has, on numerous occasions, explained to us of its challenges in collecting payments from its end customers due to the ongoing COVID-19 pandemic and the Russia-Ukraine war. The challenging global economic condition has also affected Prisma AI's ability to secure new projects and fulfil its own existing projects. The Group continues to receive payments from Prisma AI.
- (c) The monthly repayment from Prisma AI between January to June 2022 is as follows:

Month	S\$
January 2022	150,000
February 2022	51,000
March 2022	50,150
April 2022	50,150
May 2022	50,150
June 2022	25,075
Total	376,525

- (d) The credit term to Prisma AI was 60 days after the invoice date. As Prisma AI is not part of our Group, we are unable to provide the details of the collections from its end-customers, nor are we able to verify the amounts, if any, collected by Prisma AI from its end-customers. We are continuing to engage Prisma AI to ensure the timely repayment of our receivables.

Query 3

In the Company's response to query 3, we note that the Company paid Raffles Emi Pte Ltd's ("Raffles Emi") share of capital injection of \$49k into their joint venture, Raffles Neobank Solutions Pte Ltd ("Raffles Neobank").

- (a) Why did the Company inject capital into Raffles Neobank on behalf of its JV partner, Raffles Emi?
- (b) Disclose the following details for Raffles Emi:
- (i) The paid-up share capital
 - (ii) The date of incorporation
 - (iii) The number of employees
 - (iv) The directors and shareholders

Company's Response

- (a) The Company did not inject the capital into Raffles Neobank on behalf of its JV partner, Raffles Emi. This relates to the amount due from Raffles Emi for the capital injection as we are in the process of opening the bank account.
- (b) The details for Raffles Emi are as follows:

Paid-up share capital	\$100,000
Date of incorporation	19.10.2007
Number of employees	4
Directors and shareholders	Martin Ong is the sole director and sole shareholder

Query 4

In the Company's response to query 5, the Company explained that 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.

- (a) What training programmes and courses does Raffles Neobank promote to earn the \$64k referral fee?
- (b) Who are these customers to whom the \$64k was earned and how many customers are there?
- (c) Who is the provider of the training programmes and courses and how were they introduced to Raffles Neobank?
- (d) How much of the \$64k referral fee earned for recommending training programmes and course has been recognised as revenue to-date and how much of the amount has been collected to-date?

Company's Response

- (a) This is a professional development program for the Financial Planning, Life Insurance, Private Banking and Wealth Management, and Retail Banking industries, the topic is "Client Acquisition Strategies on Ultra High Net Worth Clients" (the "Program").
- (b) There were a total of 80 attendees for the said Program.
- (c) The Program was provided by an approved training provider for an association ("Approved Provider"). Raffles Neobank had entered into a Collaboration Agreement on 15 April 2022 ("Agreement") with a vendor, a program facilitator for the Approved Provider, for securing prospects for the Program. The vendor was introduced by Martin Ong (CEO, Raffles Neobank) through his business network and connections. The vendor has an exclusive arrangement with Approved Provider, to promote training programmes and courses to professionals.
- (d) The full amount of \$64k referral fee earned has been recognised as revenue for 1HFY22. According to the Agreement, the referral fee shall be due and payable by the vendor six months from the invoice date.

BY ORDER OF THE BOARD

Peng Weile
Executive Director
24 August 2022