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

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 earlier 3Q 2019 Results Announcement dated 13 November 2019 (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 further queries raised by the SGX-ST on 22 November 2019 as follows:

SGX-ST's Query 1

We note the Company did not record any revenue for 3Q2019. A Company with no significant operating businesses will be deemed a "cash company" and must meet the requirements for a new listing within 12 months from the time it becomes a cash companies. Please be informed that if the Company still does not have any significant operations or is unable to acquire a new business that meets the requirements for a new listing by 31 March 2020, it will be deemed as a cash company. Kindly inform the market of this via an SGXNet announcement.

Company's Response

The Company is aware of the concept of a "cash company" and the board is of the view that the Company does not fall under the category of a "cash company" as:

i) The Company recorded revenue for 1Q2019 and 2Q2019 and expects to have revenue in 4Q2019 unless the project it is working on is delayed and fails to complete in 4Q2019. Due to the nature of our business coupled with the current slowdown of the Chinese economy (where the majority of the Company's clients are located), the business of the Company has been impacted negatively. The Company has clients for corporate advisory and management consultancy services.

ii) The Company has been actively looking for new businesses and exploring on the potential business that is profitable and beneficial to the Company. To this end, the Company has been exploring corporate advisory and management consultancy services in the new economy especially relating to technology. As a result, the Company formed a joint venture and incorporated the subsidiary, Prisma Technologies Pte Ltd ("Prisma Technologies"), was awarded the management of a contract worth approximately US$2.34 million for the provision of solutions for visual-based security for aviation and highway automation systems covering the regions of Africa and Asia, as disclosed in the Company's announcement dated 21 October 2019.

The Company will continue to focus on the development and growth of its strategic planning, corporate advisory financial restructuring and management business. In particular, the Group aims to further develop its business of corporate advisory and management consultancy services in the digital transformation industry utilising largely existing internal funding and resources.

SGX-ST's Query 2

On 13 November 2019 The Company announced the resignation of former CEO Mr Ching Yeh who was only recently appointed on 26 July 2019.

a. Please disclose the specific reason for Mr Ching Yeh's resignation within a short span of approximately 3 months.

b. Please disclose the arrangements as to who is responsible for overseeing the operations of the Group in the period after Mr Ching's resignation.

Company's Response

a. After the appointment of Mr. Ching, the Board continued to negotiate with him on his remuneration package. The parties were unable to reach an agreement. Accordingly, Mr Ching therefore decided to relinquish the position as Chief Executive Officer.

b. Upon resignation of Mr. Ching Yeh as Chief Executive Officer of the Company, the other Executive Directors of the Company, namely Mr. Wang Xin and Mr. Peng Weile will continue to oversee the operations of the Company. As such, the resignation of Mr. Ching Yeh has no foreseeable impact on the continuity of the Company's consultancy services business.

SGX-ST's Query 3

Please disclose the items in "Expected credit losses on other receivables" reported in the Income Statement amounting to RMB 912,000. To also provide details of the transaction, why and to whom these expenses were paid and when the payment was made.

Company's Response

The expected credit losses on other receivables represents allowance for impairment made for loans receivable from its associated company, Le Rong Financial Factoring Company Limited ("Le Rong"). The nature, details and terms of the loans to Le Rong had been disclosed in our announcement dated 3 January 2019 in response to SGX queries.

Below is the breakdown of the loans from Le Rong:

No	Commencement date	Repayment date	Amount (in RMB million)	Interest	Repayment term
1)	30-Nov-17	Renewed to 30 Nov 2019	2.1	8%	Full payment upon due date
2)	1-Mar-18	1-Mar-19	0.2	8%	Full payment upon due date
3)	3-Apr-18	Renewed to 30 Nov 2019	6.0	8%	Full payment upon due date
4)	28-May-18	28-May-19	6.5	9%	Full payment upon due date
5)	5-Jul-18	5-Jul-19	5.0	9%	Full payment upon due date
			19.8		

As explained in our 3Q2019 result announcement, the expected credit losses were assessed based on the slowness of loan repayment from Le Rong. The slowdown of Chinese economy has had a multitude of impacts, rippling across various industries and Le Rong has taken a hit in its business of commercial factoring.

Total repayment of RMB1.58 million had been received from Le Rong to date. The Company is monitoring the repayments and working very closely with the management of Le Rong on the repayment. Periodic meetings were held between the company and Le Rong to discuss on the repayment.

SGX-ST's Query 4

Please provide breakdown of the significant items included in "Employee compensation" for 3Q2019 amounting to RMB 1.2 million and RMB 3.1 million for 9M2019. To provide details of the material items noting that Revenue amounted to Nil in 3Q2019 and Revenue in 9M2019 had fallen by 80% to RMB2.2million.

Company's Response

Breakdown of the significant items included in the employee compensation for 3Q2019 and 9M2019 are as follow:

	3Q2019		9M2019
Breakdown of salaries	**(Jul to Sep 2019)**		**(Jan to Sep 2019)**
	RMB'000		**RMB'000**
Salaries	960		2,509
CPF and other mandatory contributions	241		614
Other short-term benefits	1		1
	1,201		3,123

Note:
An amount of RMB195,000 related to accrued professional fees (i.e. secretarial, Internal audit, Sustainability Reporting and Enterprise Risk Management) was inadvertently included in salaries and hence it has resulted an overstatement of salaries in 3Q2019 and 9M2019 respectively. This clerical error will be rectified in our 4Q2019 financials.

Despite nil revenue for 3Q2019, employee compensation does not decrease correspondingly as this represents part of the running operating expenses of the Group.

SGX-ST's Query 5

The Company reported a 65.4% increase in "Other operating expenses" amounting to RMB 503,000 for 3Q2019 despite reporting no Revenue:-

a. Please provide breakdown of this expense in comparison with the corresponding period and elaborate on the material changes.

b. Please elaborate on the material changes in operating expenses for 3Q2019 despite having zero revenue which the Company explained was due to no advisory service contract secured.

Company's Response

a. Breakdown of the other operating expenses are as follow:

	3Q19 RMB'000	3Q18 RMB'000	Remarks
Consultancy charges	273	26	Note 1
Travelling and entertainment	166	190	Note 2
Miscellaneous	64	86	Note 3
	503	302	

Note 1:
The consultancy charges represented the costs incurred for certain consultancy projects which the Group engaged other service provider to assist in completion of the consultancy deliverables to clients.

Note 2:
Lesser travelling incurred for 3Q2019 as compared to 3Q2018 as a result of decrease in revenue.

Note 3:
Included in this line item are those miscellaneous i.e. printing and stationery, utilities, insurance, office cleaning, IT maintenance fee, subscription fee and subscription fee.

b. Despite zero revenue for 3Q2019, the expenses included in other operating expenses are those expenses incurred mainly for the operating of the Company.

SGX-ST's Query 6

The Company reported Amortization of right-of-use asset amounting to RMB 1.01 million. Please:-

a. Provide details of the agreement rent for the office premises in Singapore.

b. Quantify the value of assets and disclose the basis and methodology how the amount was determined.

c. Please provide the rate of depreciation and useful life of the asset.

Company's Response

a. Details of the agreement rent for the office premises in Singapore is similar to the details disclosed in our announcement in respond to SGX query dated 10 January 2018 as follow:

Rental on operating lease	Nature	Location	Landlord/lessor	size	Basis for rental
Singapore	Office space	80 Raffles Place, UOB Plaza 2, #11-20 Singapore 048624	United Overseas Bank Limited	236 square meters	Floor area

b. The value of Right-of-use asset amounting to RMB1.23 million was derived from the adoption of SFRS(I) 16 – leases, which introduces a single lessee accounting model. A lessee is required to recognize all leases on its statement of financial position to reflect its right to use the leased assets ("Right-of-use asset") and a corresponding lease liability except for certain short-term leases of low value assets.

SFRS(I) 16 – is applicable for the annual reporting beginning on 1 January 2019. The Company has tabulated the total outstanding lease payments for the lease as at 1 January 2019 as follow:

SFRS (I) 16
Computation of Right-of-use asset

	RMB
Total lease payment to be made (as at 1/1/2019)	2,350,424
Present value (discounted @ 5.25%)	2,245,857
Right of use asset ("ROU") capitalised @1/1/2019	2,245,857
Less: amortisation (Jan to Sep 2019)	(1,010,636)
Right of use asset @30/9/2019	1,235,222

Note:

1) Singapore bank lending rate of 5.25% was used in arriving present value of the lease.

2) The amortisation of ROU is based on the remaining period of lease of the office premises.

Right-of-use asset is initially measured at cost and less accumulated amortization/depreciation and accumulated impairment loss (if any).

c. The ROU asset is to be depreciated in accordance with the remaining lease period of the Singapore office premises. The rate of depreciation of the ROU asset is RMB112,293 per month and useful life of the ROU asset is 20 months from 1 January 2019.

SGX-ST's Query 7

The Group announced that its subsidiary – Prisma Technologies has been awarded the management of a contract worth approximately US$2.34 million for provision of solutions for visual-based security for aviation and highway automation systems in the regions of Africa and Asia:-

a. The core business of the Group comprises of providing strategy planning, corporate advisory, financial restructuring and management consulting services. Please elaborate whether the Group has the technical expertise and disclose the track record in provision of solutions for aviation and highway automation systems.

b. Please disclose the identity of customers and details of its size of operations and principal business.

Company's Response

a. As announced by the Group in its announcement on the entry into a joint venture agreement (the "**JVA**") by the Company with Prisma AI Corporation Pte. Ltd. (the "**JV Partner**") dated 3 October 2019, the business of Prisma Technologies, the joint venture company, is providing corporate and financial solutions, advisory services and management consulting services in the area of information technology specifically in visual security (the "**JVC Business**").

Pursuant to the terms of the JVA, the JV Partner is responsible for providing the necessary expertise, know-how and capabilities required in connection with performing the JVC Business. Accordingly, Prisma Technologies, through the JV Partner, has the necessary technical expertise for the management of contracts for provision of solutions for visual-based security for aviation and highway automation systems, and through the Company, Prisma Technologies also has the necessary expertise in the provision of corporate advisory, financial solutions, and management consultancy services for the management of such contracts.

The JV Partner is a private company limited by shares incorporated in Singapore. It is the holding company of a group that provides various IT solutions including IT solutions-based security. Originally founded in Germany, the JV Partner's group designed IT solutions-based security for governments and the private sector. Its clients include globally-recognised names such as BMW, Ikea and Vodaphone. Its IT solutions-based security, such as its visual recognition system used in CCTV cameras, is designed for areas frequented by the public and that are sensitive, including without limitation airports, seaports, underground transport and other public areas where extensive CCTV coverage exists.

b. As at the date hereof, Prisma Technologies, having secured the management of one contract which has been announced by the Company on 21 October 2019, has one customer in India. For reasons of confidentiality, the Company is unable to disclose the identity and details of the customer.

SGX-ST's Query 8

Paragraph 12 of Appendix 7.2 of the Listing Manual requires issuer to state the reason if no dividend has been declared. Please disclose accordingly.

Company's Response

No dividend has been declared or recommended for 3Q2019 as the Board of Director deems it appropriate to conserve funds for the Group's business development and further expansion.

BY ORDER OF THE BOARD

Peng Weile
Executive Director
26 November 2019