

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 announcement dated 31 July 2024 in relation to the resignation of Mr Wan Jinn Woei as Executive Director (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 7 August 2024 as follows:

SGX-ST’S QUERIES: -

Query 1

We refer to the Company’s announcement of Mr (Dennis) Wan Jinn Woei’s (“**Mr Wan**”) resignation on 31 July 2024 which will be effective 30 September 2024. Pursuant to his resignation, Mr Tan Wai Hong (“**Mr Tan**”) will be the sole executive director of the Company. In Mr Tan’s appointment announcement on 16 May 2024 as executive director of the Company, it was noted that Mr Tan had no prior experience as a director of an issuer listed on the Exchange.

- a) Please provide an update on whether Mr Tan has attended the necessary training on the roles and responsibilities of a director of a listed issuer required under Listing Rule 210(5)(a) and set out in Practice Note 2.3 of the Listing Manual. Please also provide the list of trainings attended by Mr Tan and the date of such attendance and confirm that Mr Tan is familiar with the listing rule requirements.
- b) Please provide the Board’s assessment of the Company’s compliance with Listing Rule 210(5)(a) which requires the “directors and executive officers [to] have appropriate experience and expertise to manage the group’s business”.

Company’s Response

- a) Mr Tan has attended SID LED 1 Training on 9-10 July 2024. Mr Tan has also registered to attend SID LED 2 to LED 9 Trainings on 9-15 October 2024.
- b) The Board has evaluated Mr. Tan’s experience and expertise as detailed in the SGX announcements dated 16 May 2024 and 21 May 2024 on Mr Tan’s promotion to Executive Director. All relevant supporting details and justifications have been duly provided and disclosed.

Additionally, since mid-2023, Mr Tan and Mr Wan have been working closely on new customers and projects sourcing. In May 2024, following Mr Tan’s promotion to Executive Director, Mr Wan prepared an onboarding process for Mr Tan to assume the relevant roles and responsibilities. Mr Tan as a newly appointed Executive Director has committed to attending the necessary training courses as prescribed by SGX.

Query 2

Arising from the resignation of Mr Wan and the appointment of Mr Tan as executive director of the Company, please disclose who will be performing the role and accepting the responsibilities of the Chief Executive Officer to lead the direction and operations of the Company.

Company's Response

Taking into account the size and composition of the Board, as well as the Group's size, corporate structure, and scope of operations, the Nominating Committee and the Board believe it is not necessary to formally appoint a Chief Executive Officer. However, Mr Tan will lead the direction and operations of the Company, assuming the roles and responsibilities previously held by Mr Wan.

Query 3

Please list the remaining members of the Board and for each of them, to disclose whether, what and when did they receive the necessary training as required of directors under Listing Rule 210(5)(a) and set out in Practice Note 2.3 of the Listing Manual.

Company's Response

The remaining members of the Board are:

- Mr Lee Ah Too – Chairman, Lead Independent Director:
Completed LED 1-LED 9 Training in March 2023
- Mr Heng Chee Song Peter – Independent Director:
Completed LED 1-LED 9 Training in July 2023
- Mr Tang Kai Meng – Independent Director:
Mr Tang has prior experience as an Independent Director of a SGX listed company.

Query 4

We note Mr Tan commenced his working career upon his graduation from the Singapore University of Technology and Design (2020), majoring in computer engineering with a minor in artificial intelligence in September 2020. In the Company's response to SGX's query on 21 May 2024, it was disclosed that "Mr Tan, who joined the group in February 2023, contributed more than 50% of the Group's revenue in FY2023". Please disclose the total sales generated and the cash collected from the revenue generated by Mr Tan to-date.

Company's Response

The FY2023 total sales generated by Mr Tan was S\$336,000 (equivalent to 60% of FY2023's total sales of S\$556,000). Of this amount, as at the date of this announcement, S\$57,000 remains to be received, which the Group expects to receive around September to October 2024.

Query 5

We note that Mr Wan is principally resident in Malaysia. During his tenure as executive director of the Company, the Company incorporated a wholly owned subsidiary in Malaysia and entered into several contracts in Malaysia. The last new contract entered into by the Company was on 14 December 2023 for a contract sum of RM500,000 with an expected completion date of early April 2024.

- a) Please provide an update on whether this contract has been completed and whether the contract sum of RM500,000 has been collected to-date.
- b) Please provide an update on the Company's plans in relation to its Malaysian subsidiary and business pursuant to Mr Wan's resignation.
- c) To disclose the total sales made by the Malaysian subsidiary to-date and whether these sales have been fully collected. If not, please disclose the amount still outstanding and the Company's plans to collect these outstanding debts.

Company's Response

- a) The contract had been completed in May 2024.

The contract sum of RM500,000 is broken down into 3 milestones as per the contract, which has been recognised and/or collected as follows:

- 1st milestone (RM300,000) – Revenue recognised in December 2023. Payment has been received.
- 2nd and 3rd/Final milestone (RM200,000) – Revenue recognised in May 2024. Payment is expected to be received around September to October 2024.

- b) Despite HY2024's challenges, our Malaysian subsidiary remains focused on its strategic priorities and are committed to advancing in its IT, AI, and automation solutions. The Group will continue to promote these solutions to secure more contracts and strive for sustainable growth. In addition to our core initiatives to promote IT, AI, and automation solutions for various industries, we aim to help our customers achieve cost efficiency by reducing manual labour dependency, while improving operational effectiveness, especially in a cautious spending environment, which are integral to our ongoing and future plans.

We believe that our Malaysian subsidiary's current business segment, which focuses on providing IT, AI, and automation solutions, is well-aligned with the New Industrial Master Plan 2030 (NIMP 2030), the Malaysian Government's industrial policy for the manufacturing sector, which seeks to promote automation and digitalization adoption among manufacturers in Malaysia¹.

- c) The total sales made by the Malaysian subsidiary to-date (for the period of January to July 2024) is S\$74,000. Of this amount, as at the date of this announcement, S\$65,000 remains to be received, which the Group expects to receive around September to October 2024.

Query 6

The Company also entered into a non-binding term sheet in relation to a proposed acquisition of 50.13% of Shinmax Products Sdn Bhd on 27 June 2024 to be satisfied by way of a mixture of consideration shares and cash (the "**Acquisition**"). Please provide an update on the Acquisition including whether any definitive agreement has been or will be entered into to-date.

¹ The Malaysian Ministry of Investment, Trade and Industry. (2023). *New Industrial Master Plan 2030*. Last accessed on 13 August 2024 at https://www.nimp2030.gov.my/nimp2030/modules_resources/bookshelf/NIMP_2030_Summary1/NIMP_2030_Summary1.pdf

Company's Response

We are currently in the final stages of the professionals' due diligence and anticipate entering the Sales and Purchase Agreement ("**SPA**") signing phase by the third quarter of 2024, barring any unforeseen circumstances. The terms and conditions of the SPA for the Acquisition are in the final phase of discussion as well.

As cautioned in the announcement on the entry into the term sheet, there is no certainty or assurance that the SPA will be entered into, that the terms and the conditions of the Acquisition will not differ from that set out in the term sheet, or that the Acquisition will be undertaken or completed at all. The Company will make the necessary announcements as and when there are further developments on the Acquisition.

Query 7

Listing Rule 1018 states that "if the assets of an issuer consist wholly or substantially of cash or short-dated securities ("**Cash Company**")", its securities will normally be suspended. The suspension will remain in force until the issuer has a business which is able to satisfy the Exchange's requirements for a new listing, and all relevant information has been announced." Noting that the Company has not entered into any new contracts in FY2024 and does not appear to have any active business operations, please clarify whether the Group has any ongoing business and provide data to substantiate your response. Please provide specific details about the contracts entered into, including but not limited to the nature of the work, the tenure, and the consideration amount. If not, to provide robust justification on why it should not be classified as a Cash Company. Otherwise, the Company is duly notified that it has been designated as a cash company under Listing Rule 1018 with effect from 12 August 2024 and the Company must comply with the requirements accordingly.

Company's Response

The Group has ongoing business and is currently engaged in several key activities:

- i) We are actively submitting proposals for IT, AI, and automation solutions to both existing and potential customers. The sales pipeline anticipates the finalization of new contracts/orders by Mr. Tan as follows:
 - One new contract with an existing customer in August 2024, valued at RM150,000.
 - One new contract with an existing customer by September 2024, valued at RM100,000.
 - One new contract with a new customer by the 4th quarter of 2024, with an estimated contract value ranging from RM100,000 to RM200,000.
- ii) We are undergoing a corporate exercise with the intention of acquiring a new business. Please refer to the details mentioned in our response to Query 6, as well as the announcement on the entry into the term sheet on 27 June 2024.
- iii) We are in the process of business diversification to expand our scope of operations. Currently, we are working closely with professionals to draft the circular and ensure compliance with the Listing Rules.

BY ORDER OF THE BOARD

Tan Wai Hong
Executive Director
13 August 2024