ISR CAPITAL LIMITED

(Company Registration No. 200104762G)
(Incorporated in the Republic of Singapore)
(the "Company")

RESPONSE TO QUERIES RAISED BY SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ON THE COMPANY'S 2016 ANNUAL REPORT

The Board of Directors (the "**Board**") of ISR Capital Limited (the "**Company**") wishes to provide the following additional information in response to the queries raised by Singapore Exchange Securities Trading Limited ("**SGX-ST**") in their email dated 8 May 2017 in relation to the Company's 2016 Annual Report announced on 12 April 2017:

Query by SGX-ST:

1) We refer to ISR Capital Limited's (the "Company") 2016 Annual Report. For the ISR Performance Share Plan, please disclose the information in the format required under Listing Rule 852(1).

Company's Response:

The ISR Performance Share Plan is administered by the Remuneration Committee. The members of the Remuneration Committee for the financial year ended 31 December 2016 were as follows:

1. Mr Levin Lee Keng Weng (Chairman) (resigned on 3 December 2016)
2. Mr Kwok Wei Woon
3. Dato' Seri Krishna Kumar Sivasubramaniam (resigned on 28 November 2016).

The current members of the Remuneration Committee are as follows:

1. Mr Lee Ka Shao (Chairman)
2. Mr Kwok Wei Woon
3. Mr Lin, Chen Hsin

The information required pursuant to Listing Rule 852(1)(b)(i) and (iii) are set out in the table below:

Name of Participant	Total number of Shares comprised in Awards granted during the financial year ended 31 December 2016	Aggregate number of Shares comprised in Awards granted since commencement of the ISR Performance Share Plan to 31 December 2016	Aggregate number of Shares comprised in Awards which have been issued and allotted since commencement of the ISR Performance Share Plan to 31 December 2016	Aggregate number of Shares comprised in Awards which have not been released as at 31 December 2016
Independent Non-Executive Directors:				
Kwok Wei Woon	1,851,000	1,851,000	1,851,000	-
Dato' Seri Krishna Kumar Sivasubramaniam *(resigned on 28 November 2016)*	1,552,000	1,552,000	1,552,000	-

Name of Participant	Total number of Shares comprised in Awards granted during the financial year ended 31 December 2016	Aggregate number of Shares comprised in Awards granted since commencement of the ISR Performance Share Plan to 31 December 2016	Aggregate number of Shares comprised in Awards which have been issued and allotted since commencement of the ISR Performance Share Plan to 31 December 2016	Aggregate number of Shares comprised in Awards which have not been released as at 31 December 2016
Independent Non-Executive Directors:				
Levin Lee Keng Weng *(resigned on 3 December 2016)*	217,000	217,000	217,000	-
Executive Directors and Officers and Group Executives:				
Datuk Md Wira Dani Bin Abdul Daim *(resigned on 15 August 2016)*	7,926,000	7,926,000	7,926,000	-
Quah Su-Yin *(resigned on 31 December 2016)*	10,868,000	10,868,000	10,868,000	-
Chan Sing En *(resigned on 23 December 2016)*	9,560,000	9,560,000	9,560,000	-
Vincent Lee Chung Ngee	8,311,000	8,311,000	8,311,000	-
Total	**40,285,000**	**40,285,000**	**40,285,000**	-

The information required pursuant to Listing Rule 852(1)(b)(ii), (c) and (d) are not applicable.

Query by SGX-ST:

2) It was disclosed that "Payment of expenses on behalf of related parties" amounts to S$12,253. Please:-

   i) Provide details of these related parties;
   ii) Explain why these expenses were paid by the Company on their behalf; and
   iii) Provide reasons for the impairment.

Company's Response:

i) The related parties are:
   a. Daisuke Sasaki Asia Fashion Fund Pte Ltd
   b. DSAFF (Singapore) Pte Ltd (a wholly-owned subsidiary of Daisuke Sasaki Asia Fashion Fund Pte Ltd)
   c. DSAFF Production Pte Ltd (a wholly-owned subsidiary of DSAFF (Singapore) Pte Ltd)

   The Group is a preference shareholder of Daisuke Sasaki Asia Fashion Fund Pte Ltd and the former CEO and Executive Director of the Company is an ordinary shareholder of Daisuke Sasaki Asia Fashion Fund Pte Ltd as at 31 December 2016.

ii) The expenses incurred by these related parties were mostly tax compliance fees, audit fees and secretarial fees. As these related parties are inactive and unable to pay these expenses, the Group as a preference shareholder, has made payments on their behalf so as to enable these entities to continue as a going concern. One of the related parties is in the midst of taking actions and may likely be seeking legal action to recover an advance of Japanese Yen 40,000,000 (approximately S$500,000) that has been paid to a producer for the production of a fashion show in Singapore that did not materialise.

iii) These related parties are inactive and are in net liability positions as at 31 December 2016. As such, the amounts receivable from these related parties were impaired.

Query by SGX-ST:

3) Guideline 9.3 of the Code of Corporate Governance 2012 (the "Code") states that the company should disclose in aggregate the total remuneration paid to the top five key management personnel (who are not directors or the CEO). As best practice, companies are also encouraged to fully disclose the remuneration of the said top five key management personnel.

Does the Company only have 2 top key management personnel? If not, as required by Rule 1207(12) of the Listing Manual, please make disclosures as recommended in paragraph 9.3 of the Code or otherwise explain the reason(s) for the deviation from the following Code recommendations.

Company's Response:

Yes, the Group has only two top key management personnel for the financial year ended 31 December 2016. The reasons for the deviation from the recommendations and guidelines of the Code of Corporate Governance 2012 have been set out on page 17 of the Annual Report of the Company for the financial year ended 31 December 2016.

Query by SGX-ST:

4) For the purpose of determining if Rule 1303(3)(c) should apply, please provide the following information:-

(i) the Board's opinion if the Company will be able to operate as going concern and basis for the Board's view; and

(ii) the Board's confirmation that all material disclosures have been provided for trading of the Company's shares to continue.

Company's Response:

(i) The Company has recently raised net proceeds of approximately S$2,820,000 through the issuance of sub-tranches 1 to 3 of Tranche 2 convertible redeemable bonds to Premier Equity Fund (which has exercised their option to subscribe for Tranche 2 Bonds for a principal sum of S$5,000,000).

The Board of Directors is of the opinion that the issuance of Tranche 2 convertible redeemable bonds should enable the Company and the Group to continue to operate as a going concern for the next 12 months.

(ii) The Board of Directors confirms that all material disclosures have been provided for trading of the Company's shares to continue.

BY ORDER OF THE BOARD

Chen Tong
Executive Chairman

11 May 2017