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

RESPONSE TO THE QUERIES FROM THE SINGAPORE STOCK EXCHANGE SECURITIES TRADING LIMITED ("SGX-ST") ON THE UNAUDITED 2016 FINANCIAL RESULTS ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016

The Board of Directors of Forise International Limited (the "Company" and together with its subsidiaries the "Group") would like to respond to the following queries raised by SGX-ST on 26 May 2016 in relation to its 2016 financial results announcement for the financial period ended 31 March 2016 dated 9 May 2016, as follows :

SGX-ST's Query

1. In the Income Statement, it was mentioned that "(t)he Discontinued Activities still continue to make losses due to business conditions and their level of business achieved. However, and as the disposal has not yet been approved by shareholders, the final result of such activities must be reflected in Comprehensive Income. In the event that shareholders approve the disposal in an extraordinary general meeting, the discontinued operations will be deconsolidated with an effective date of 1 January 2016".

   (i) Please define "Discontinued Activities" and confirm if these relate to the manufacturing operations;

Company's Response

The "Discontinued Activities" refers to the business activities of the Group subsidiaries which undertook the manufacturing operations of the Group and intended to be disposed of by the Company. As announced, the Company has, on 6 April 2016, entered into a Sale and Purchase Agreement ("Disposal Agreement") to dispose of these subsidiaries, subject to approval by the shareholders being obtained.

   (ii) As discussed in paragraph 8 of the financial statement, please elaborate the reasons for the losses incurred by the Discontinued Activities;

Company's Response

Following the cessation of the manufacturing operations, the Discontinued Operations continue to incur carrying cost on interest and financial expenses on their bank borrowings of RMB2.8 million, depreciation of RMB1.01 million, other administration expenses of RMB3.2 million offset against profits from backlog orders of RMB3.7 million and rental income of RMB0.57 million in 1Q2016 respectively.

   (iii) We note that the discontinued operations will be deconsolidated with an effective date of 1 January 2016 in the event that shareholders approve the disposal in an extra ordinary general meeting. Please clarify if the disposal agreement will be effective from 1 January 2016 retrospectively.

Company's Response

To reflect the true economic intent between the parties, the Disposal Agreement expressly provided that on completion of the disposal, all risks and rewards of and associated with the relevant subsidiaries subject to disposal shall be deemed to have passed to and accrue to and for the purchaser as from 1 January 2016. Please refer to the Company's announcement on 6 April 2016 for details on the terms of the Disposal Agreement.

SGX-ST's Query

2. In paragraph 8 of the financial statement, the Company disclosed that there was revenue contribution of RMB1.8 million from the test projects in 1Q2016. Please advise on the impact on the contracts from these test projects should the shareholders vote down the proposed venture into corporate advisory and management consulting services to corporations.

Company's Response

There shall be no impact on the contracts from these test projects should shareholders vote down the proposed diversification into corporate advisory and management consulting services. This is because the services had been fully rendered. However and following such a vote, the Group will cease all such activities.

SGX-ST's Query

3. In paragraph 8 of the financial statement, it was disclosed that "Administrative expenses increased by RMB0.87 million from RMB0.83 million in 1Q2015 to RMB1.69 million mainly due to higher administration and operating cost". Please show the breakdown of the Administrative expenses attributable to the trading business and the corporate advisory and management consulting services to companies for 1Q2016 as compared to 1Q2015.

Company's Response

The breakdown of the Administrative expenses attributable to trading business and the corporate advisory and management consulting services to companies for 1Q2016 as compared to 1Q2015

	1Q2016 RMB'000	**1Q2015 RMB'000**
Corporate Advisory and management consulting services	-	-
Trading Activities	71	7
Others : Staff Cost	705	660
Rental	421	31
Compliance & Listing expense	67	90
Professional Fees	356	-
Other Expenses	74	38
Total Others	1,623	819
Total Administrative Expenses	**1,694**	**826**