Pharmesis International Ltd.
5 Kallang Sector
#03-02
Singapore 349279
Company registration no.: 200309641E

RESPONSE TO QUERY ON THIRD QUARTER RESULT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016 ("RESULTS ANNOUNCEMENT")

The Board of Directors of Pharmesis International Ltd. ("Company") wishes to provide the following information in response to an email query from Singapore Exchange Limited ("SGX") on 23 November 2016.

SGX's Query

We refer to page 3 of the Results Announcement and note that 'Other receivables' has increased by 98.1% from RMB1.442 million to RMB2.857 million due to advances to salesmen. Please explain why the Company needs to make advances to salesmen and why the doubling of amount.

Company's response:

Other receivables increased from RMB1.442 million as at 31 December 2015 to RMB2.857 million as at 30 September 2016 mainly due to advances to salesmen. As part of selling activities, the Group employ salesmen to travel to their allocated sales territories to establish relationships with potential customers and to promote sales. Cash are normally advanced to the salesmen at the beginning of the year for market development and promotional purposes. Hence the quantum for the advances to salesmen will normally be higher than as at year-end.

BY ORDER OF THE BOARD
Jiang Yun
Executive Director and Chief Executive Officer
23 November 2016