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") IN RESPECT OF THE UNAUDITED 2016 FINANCIAL RESULTS ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016

The Board of Directors of Forise International Limited (the "Company" and together with its subsidiaries the "Group") wish to make the following clarificatory responses to the queries raised by SGX-ST on 9 December 2016 in relation to the Group's announcement on the "*Unaudited Result For the Period Ended 30 September 2016*", released on 11 November 2016:

SGX-ST's Query

In the Income Statement, "Purchase of trading goods" amounted to RMB 33.6 million. Please provide a breakdown by class of goods traded by the Company.

Company's Response

The Company sets out the breakdown of the "Purchase of trading goods" as follows:

Class of Trading Goods	**Amount (RMB million)**
Women Underwear	23.6
Men Clothing	5.8
Women Clothing	4.2
Total	**33.6**

SGX-ST's Query

In the Balance Sheet, "Trade and other receivables" amounted to RMB42.3 million. Please provide a breakdown and explain why this amount is so significant relative to Company's 3rd Quarter 2016 ("3Q2016")'s revenue of RMB37.8 million. Please also provide the aging schedule for these "Trade and other receivables".

Company's Response

The Company sets out the breakdown of the "Trade and other receivables" as follows:

Trade and other receivables	**Amount (RMB million)**
Trade receivables	41.9
Other receivables	0.4
Total	**42.3**

The Company further sets out the aging schedule of the "Trade and other receivables" as follows:

(RMB million)	**30 days**	**60 days**	**90 days**	**180 days**	**Total**
Trade receivables	14.8	7.2	16.5	3.4	**41.9**

The Company does not believe the amount is significant given that the Trade Receivable was $41.9 million or very close to the Company's 3Q2106 revenue of RMB37.8 million. Approximately RMB38.5 million, or approximately 91.9% of the total Trade receivables was aged within 90 days or less.

SGX-ST's Query

In the Balance Sheet, "Trade and other payables" amounted to RMB42.3 million. Please provide the breakdown to this amount.

Company's Response

The Company wishes to clarify that the balance as at 30 September 2016 is RMB35.4 million. The Company wishes to set out the breakdown of the "Trade and other payables" as follows:

Trade and other payables	**Amount (RMB million)**
Trade payables	32.6
Other payables	0.3
Accruals	2.5
Total	**35.4**

SGX-ST's Query

In the Cash Flow Statement, please explain why the Company's cash of RMB10.9 million was disposed with the deconsolidation of the subsidiary. Please disclose how much the subsidiary was disposed for.

Company's Response

The Company's cash of RMB10.9 million represented the closing cash balance as at 31 December 2015 held by the Sale Entities (as defined in the Company's announcement dated 6 April 2016 entitled "Entry into of Sale and Purchase Agreement in relation to the Proposed Disposal of the Company's Interest in the equity and share capital of the Sale Entities"), and was deconsolidated upon the disposal of the Sale Entities. The Sale Entities was disposed of for a consideration of S$1, taking into account that the Sale Entities had an aggregate negative net asset value of approximately RMB101.94 million, and losses attributable to the Sale Entities was approximately RMB167.96 million for the financial year ended 31 December 2015. The Sale Entities had in addition aggregate bank borrowings amounting to approximately RMB233 million as at 31 December 2015. Accordingly there would be restrictions on the remittance by the Sale Entities of the cash to the Company.

SGX-ST's Query

It was mentioned in the "Commentary on Financial Results" that the "Company has received in principle approval from Singapore Exchange for the disposal of the subsidiaries related to the manufacturing segment of the Group's business". The Exchange did not give an Approval in Principle to the Company. Please clarify.

Company's Response

The Company wishes to clarify that under the rules of the Listing Manual of the SGX-ST, it was the approval of the shareholders to the disposal of the Sale Entitles and not the approval of SGX-ST that was required. Accordingly, the Company wishes to clarify that no in principle approval from the SGX-ST for the disposal of the Sale Entities was obtained.

SGX-ST's Query

It was disclosed that the Company 3Q2016's Revenue was "mainly due to the intensification of the group's trading business and commencement of its corporate advisory business with revenue of RMB2.4 million in 9M2016. It was noted that revenue was NIL in 3Q2016 and only RMB2.4 million in 9M2016.

(i) Please provide a breakdown and details of the work done by the Company's new corporate advisory business and reason for the minimal activities under this segment; and

Company's Response

The work done by the Company's new corporate advisory business generated referral and advisory fees for advising and assisting the clients in sourcing, matching and presenting the clients' organization structures and businesses to the potential partners based on their projects objectives. Given this and the fact that the Board instructed management to undertake the business on a gradual scale while it builds the manpower required for this business , means that there will be gaps in income. The Company is undertaking some additional corporate advisory businesses but has not yet recognized the income as the project is in progress.

SGX-ST's Query

(ii) Please provide details of these mandates and when these are expected to completed.

Company's Response

The mandates for RMB2.4 million had been completed in the 9 months ended 30 September 2016. While the Company has outstanding mandate which is expected to complete by early 2017, no revenue in respect thereof is registered in Q32016 due to recognition and timing differences .

SGX-ST's Query

Trading Revenue amounted to RMB37.8 million. Please :-

(i) Provide the breakdown to this amount;

Company's Response

The Company provides the breakdown to the "Trading Revenue" as follows:

Class of Trading Goods	**Amount (RMB million)**
Women Underwear	26.7
Men Clothing	6.5
Women Clothing	4.6
Total	**37.8**

SGX-ST's Query

(ii) Provide details on what are the goods sold during the period under review;

Company's Response

The Company provides the details of the goods sold as follows:

Class of Trading Goods	**Amount (RMB million)**
Women Underwear	26.7
Men Clothing	6.5
Women Clothing	4.6
Total	**37.8**

SGX-ST's Query

(iii) Disclosed who are these customers who purchased the goods and why did these same customers not purchase the Company's goods when the Company was operating its productions facilities;

Company's Response

The customers comprise a good mix of existing customers (who were customers when the Company was operating its production facilities) and new customers who were developed more recently.

Customer's Name	**Existing/New Customers**	**Class of Goods Sold**	**Amount (RMB million)**
HK X L P & C Ltd	Existing	Women Underwear	3.3
Baifeng Trading Limited	Existing	Women Underwear	2.8
Shengjia Intl Industrial Limited	New	Women Underwear	5.1

Hongkong Brightled Co Limited	Existing	Women Clothing	1.6
		Men Clothing	2.9
Ssd Trade Co Limited	New	Women Clothing	3.0
		Women Underwear	12.5
Yibo Trading Ltd	New	Men Clothing	3.6
		Women Underwear	3.0
TOTAL			**37.8**

SGX-ST's Query

(iv) As this is a new business, who are the major suppliers for the Company's trading activities and do they include the disposed entities of the group?

Company's Response

As explained in the Company's circular to shareholders dated 3 August 2016 on the disposal of the manufacturing business, the Company's trading business is not new and has been operating within the group even before the disposal of the manufacturing business. The Company estimates that for the FY 2015, the trading business accounted for approximately 10% of the group's total revenue. The major suppliers are Xiamen Xingrong Yuan Import & Export Limited, Xiamen Shengyu Trading Limited, Xiamen Green Gold Yuan Import & Export Limited and Xiamen Hongtao Trading Limited.

SGX-ST's Query

(v) Disclose what are the margins for the various trading activities of the group; and

Company's Response

(a) Third Quarter 2016 ("3Q2016")

Class of Trading Goods	**Profit Margin (%)**
Women Underwear	11.43
Men Clothing	9.88
Women Clothing	10.60

(b) 9 Months ended 30 September 2016 ("9M2016")

Class of Trading Goods	**Profit Margin (%)**
Women Underwear	10.02
Men Clothing	9.49
Women Clothing	10.01
Accessories	7.03

SGX-ST's Query

(vi) Disclose the profits generated from the trading business.

Company's Response

The profits generated from the trading business was RMB4.15 million and RMB6.8 million for "3Q2016" and "9M2016" respectively.

By Order Of the Board
Leo Peng WeiLe
Executive Director
13 December 2016