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 30 JUNE 2016

The Board of Directors of Forise International Limited (the "Company" and together with its subsidiaries the "Group") are pleased to respond to the following queries raised by SGX-ST on 16 August 2016 in relation to its 2016 financial results announcement for the financial period ended 30 June 2016 dated 8 August 2016, as follows :

SGX-ST's Query

1. In paragraph 8 of the Company's 2nd Quarter ("2Q2016") financial results, "Trading" Revenue amounts to RMB23.173 million.

   (i) Provide details on the factors which enabled the Company to ramp up the customers' orders resulting in the increase from RMB213K to RMB23.173 million of sales;

Company's Response

As disclosed in the Company's announcement on 4 April 2016, the Group had not maintained separate departmental performance in its accounting system on its manufacturing and trading businesses, and the trading revenue had been combined with the manufacturing business and reported under the contract manufacturing segment. With the cessation of our core contract manufacturing operations, the Company has consolidated its trading customers under an existing trading subsidiary, and concurrently increased the volume of trading with them. The comparison of RMB213K for 2nd quarter of the last financial year ended 30 June 2015 was only based on that company's revenue and not the Group's 2nd quarter 2015 trading revenue for the reason explained in our 4 April 2016 announcement.

   (ii) Provide details on who these customers are and the products that are traded;

Company's Response

A significant number of our trading customers are companies established in Hong Kong and engaged in sales on wholesale basis. We supply a combination of men and ladies' undergarments to them.

   (iii) Disclose if these customers are existing or new customers;

Company's Response

Our trading customers are mainly existing customers. We have however also made inroads and secured new customers in Hong Kong.

(iv) Disclose the credit terms and whether advance payments are required; and

Company's Response

We generally provide a credit term of 90 days to existing trading customers and 60 days to new trading customers. It is not customary in garment trading, thus advance payments are not required.

(v) Disclose the significant factors that affected the Company's ability to intensify its sales to customers.

Company's Response

These significant factors will include the market economics, pricing and level of competition for the products that we trade. For clarification, a significant portion of our trading customers are clients that have an established trading relationship with the Group. The Group has historically traded with such customers through a subsidiary that is to be sold as part of the proposed disposal of our contract manufacturing business. Trading activities will now be undertaken by companies that are retained in the Group after proposed disposal.

SGX-ST's Query

2. In paragraph 8 of the Company's 2Q2016 financial results, "Corporate Advisory" Revenue amounts to RMB600K. Please elaborate on the services that were provided and the reasons why revenue decreased by RMB1.2 million when compared to the Company's 1st Quarter financial results.

Company's Response

The services that we provided were for introduction and referral services. The projects we worked on are not large projects, in tandem with our commitment to shareholders to take on projects of limited scale which do not materially change the risk profile of the group pending shareholders' approval being obtained for diversification into this new business. In addition, such fees become payable only upon completion of transaction, and completion normally takes place 3 to 12 months from commencement. Thus the income revenue from such services can be volatile (depends on success and timing). With shareholders' approval being obtained on 23 June 2016 to diversify into this new business, the Company is intensifying efforts to build up its order books for this segment.

SGX-ST's Query

3. It was announced in paragraph 10 that "(t)he Group is now focused on trading of higher margin products and expects to continue this strategy for the rest of the year". Please provide details on the "higher margin products" and elaborate on the strategy how this can be done.

Company's Response

The Company has identified a niche in high quality and stylish undergarments in both men's and women's range. As the demand in volume is relatively small and the quality requirements are relatively stringent, mass merchandises tend to avoid these garments. As a result the Company believes that it is able to achieve higher gross margin. However, the Group does not intend to limit itself to such products.

Leo Peng WeiLe
Executive Director
17 August 2016