

Forise International Limited (formerly known as Great Group Holdings Limited)

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

QUARTERLY UPDATE PURSUANT TO RULE 1313 (2) OF THE SGX-ST LISTING MANUAL

BACKGROUND

Forise International Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) was placed on the watch-list pursuant to Rule 1311 of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual (the “**Listing Manual**”) with effect from 4 March 2015.

Pursuant to Rule 1313 (2) of the SGX-ST Listing Manual, the Board of Directors (the “**Board**”) of the Company wishes to provide an update on the Group’s financial position for the year ended 31 December 2015 (“FY 2015”).

UPDATE ON UNAUDITED FINANCIAL POSITION

In our 4Q2015 results, we noted that : (i) the business conditions in the garment manufacturing business in China have become increasingly difficult and challenging; (ii) the Board had embarked on a strategic review of all businesses; and (iii) the Board intended to undertake a special review of receivables. Following the strategic and special review, the Board is of the opinion that it is difficult for the core manufacturing component of its garment business (excluding the trading business) to turn around in the near term. Thus, it has to be disposed off or discontinued to prevent further deterioration and depletion of resources. As a result, the Company, in consultation with the Company’s auditor, has classified those manufacturing related entities businesses as “discontinued operations”. As the Chinese textile industry continues to deteriorate, the Board has also made provision of impairments on receivables and inventories of RMB186.58 million.

In 4Q2015 the Group has disposed all the machineries of its production facilities held under the two main manufacturing subsidiaries to various third parties, retrenched all production workers and leased out its factory premises. The Group has reclassified the contract manufacturing business as discontinued operation in accordance to FRS105 Non-Current Assets Held for Sale and Discontinued Operations.

The factors that led to the Management’s decision to cease production activities are as follows:

- years of recurring operating losses arising from highly intensified competition;
- continued deterioration in the business conditions of the garment manufacturing business in China;
- rising cost of labour and other business costs;
- compressed margins.

Notwithstanding the above, Management will continue its business activities in the trading of garments. With a lighter asset base, Management is also able to contain operation costs and expend more attention on higher margin products for the trading business.

For full details of the results and financial position of the Group, please refer to the Company’s results announcement for the financial period ended 31 December 2015 released on 29 February 2016.

UPDATE ON FUTURE DIRECTION

The business conditions for garment manufacturing in China have become increasingly difficult and challenging. This is mainly due to weakness in global demands, rising labour and other costs in China. The Group also noted the massive shift of many contract manufacturing business in garment industry to Vietnam due to, inter alia, (i) the strength of the RMB against the Dong, the lawful currency of Vietnam; (ii) the higher costs of labour in the PRC as compared to the costs of labour in Vietnam; and (iii) in anticipation that Vietnam will be part of the Trans-Pacific Partnership and thus be eligible for lower import dues in the United States of American as compared to the PRC. Accordingly, the Group seeks to stem its negative cash flow in the PRC by either closing or

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liquidating its contract manufacturing subsidiaries.

At the same time the Company is considering diversifying the business of the Group into the provision of corporate advisory and management consulting services to corporations. In the event that the Company intends to proceed, this diversification of business will be subject to shareholders' approval at an extraordinary general meeting to be convened. However, to ensure that the diversification is successful and meaningful, the Company may undertake some test projects on limited scale subject to these test projects not materially changing the risk profile of the Company.

OTHER MATERIAL DEVELOPMENTS

The Company will update shareholders on any other material developments and will make such necessary announcements as and when appropriate.

BY ORDER OF THE BOARD

Leo Peng WeiLe
Executive Director
29 February 2016