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

MATERIAL VARIANCE BETWEEN AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 AND THE UNAUDITED FULL YEAR RESULTS ANNOUNCEMENT

The Board of Directors of Forise International Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the announcement of the Group's unaudited full year financial statements for the financial year ended 31 December 2015 ("**FY2015**"), which was announced by the Company on 27 February 2016.

The Board would like to announce material variances arising from the finalization of audit of the Group for FY2015. The material variances and the reasons for the material differences are set out in the explanatory notes below.

Consolidated Statement of Comprehensive Income

	Announced (RMB'000)	Audited (RMB'000)	Variance (RMB'000)	Notes
Other Operating Expense	(49,914)	(6,449)	(43,465)	A
Loss before income tax	(53,869)	(10,320)	(43,549)	A
Loss from discontinued operations	(136,985)	(178,562)	41,577	A
Total Loss	(190,854)	(188,882)	(1,972)	A
Currency translation losses arising from consolidation	-	(287)	(287)	B
Total comprehensive loss	(190,854)	(189,169)	(1,685)	B

The material audit adjustments and reclassification are as follows:

Explanatory Notes –

Note A

(i) During the audit, it was discovered that RMB43.10 million had been inadvertently recorded under "Continuing Operations".

(ii) Reversal of allowance for impairment of trade receivables amounting to RMB2.39 million due to subsequent collections.

(iii) Adjustment for capitalisation of professional fees amounting to RMB2.42 million, incurred pursuant to the rights issue undertaken by the Company in FY2015.

(iv) Adjustment for amortisation of computer software amounting to RMB0.20 million.

(v) Adjustment of currency translation reserve for foreign subsidiaries amounting to RMB2.62 million.

Note B

Being adjustment to account for currency translation losses arising from consolidation and recorded as other comprehensive income.

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Balance Sheets

	Announced (RMB'000)	Audited (RMB'000)	Variance (RMB'000)	Notes
Current Assets				
Cash and cash equivalents	72,880	79,581	6,701	C
Trade and other receivables	47,618	50,007	2,389	D
Non-Current Assets				
Intangible assets	15,637	15,433	(204)	E
Current Liabilities				
Trade and other payables	83,858	93,858	10,000	F
Borrowings	236,333	233,049	(3,284)	G
Equity				
Share Capital	147,745	145,320	(2,425)	H
Currency translation reserve	(2,733)	(109)	2,624	I
Accumulated Losses	(394,584)	(392,613)	(1,971)	J

The material adjustments and reclassifications are as follows:

Explanatory notes –

(C) Adjustments for settlement of Bank Borrowings of RMB5.98 million during the financial year and reversal of settlement of bills payable amounting to RMB2.7 million which pertained to FY2016.

In addition, a third party has repaid RMB10 million bank borrowing on behalf of the Group during the financial year. However, the repayment of bank borrowing was recorded as payment out of cash at bank. Therefore, a reclassification of RMB10 million has been made from cash at bank to other payables.

(D) Reversal of allowance for impairment of trade receivables amounting to RMB2.39 million due to subsequent collections.

(E) Adjustment for amortisation of computer software amounting to RMB0.20 million.

(F) Reclassification for settlement of borrowings amounting to RMB10 million from cash at bank to others payables (Note C).

(G) Adjustments for settlement of Bank Borrowings of RMB5.98 million during the financial year and reversal of settlement of bills payable amounting to RMB2.7 million which pertained to FY2016.

(H) Adjustment for capitalization of professional fees amounting to RMB2.42 million, incurred pursuant to the rights issue undertaken by the Company in FY2015.

(I) Adjustment of currency translation reserve for foreign subsidiaries amounting to RMB2.62 million.

(J) Please refer to explanatory note A

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MATERIAL VARIANCE BETWEEN AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 AND THE UNAUDITED FULL YEAR RESULTS ANNOUNCEMENT

Consolidated Statement of Cash Flows

	Announced (RMB'000)	Audited (RMB'000)	Variance (RMB'000)	Notes
Cash Flow from Operating Activities				
Total loss	(190,854)	(188,882)	(1,972)	K
Amortisation and depreciation	6,443	6.849	406	L
Unrealised currency translation (gains)/loss	(2,911)	84	2,995	M
Changes in working capital				
Trade and other receivables	120,994	127,727	6,733	N
Other current assets	0	(1,295)	(1,295)	N
Trade and other payables	6,020	16,020	10,000	O
Cash flow from investing activities				
Proceeds from disposal of property, plant and equipment	10,099	2,080	(8,019)	P
Cash flow from financing activities				
Right Issue expenses	0	(2,425)	(2,425)	Q
Proceeds from borrowings	266,495	269,195	2,700	R
Repayment of borrowings	(336,549)	(342,533)	(5,984)	S
Decrease/(increase) in short-term bank deposit pledged	93,379	52,614	(40,765)	T
Cash and cash equivalents at end of financial period	72,880	38,817	(34,063)	T

The material audit adjustments and reclassification are as follows:

Explanatory notes –

(K) Please refer to explanatory note A above

(L) The variance was due to amortisation of computer software amounting to RMB0.20 million and reclassification of depreciation amounting to RMB0.20 million from disposal items to non-disposal items.

(M) Adjustment of currency translation reserve for foreign subsidiaries amounting to RMB2.62 million.

(N) Reversal of allowance for impairment of trade receivables amounting to RMB2.39 million due to subsequent collections; reclassified outstanding balance of RMB8.02 million out of proceeds from disposal of property, plant and equipment to trade and other receivables and reclassified of other current assets of RMB1.3 million to trade and other receivables.

(O) Reclassification for settlement of borrowings amounting to RMB10 million from cash at bank to others payables (refer to Note C).

MATERIAL VARIANCE BETWEEN AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 AND THE UNAUDITED FULL YEAR RESULTS ANNOUNCEMENT

(P) Included in proceeds from disposal of property, plant and equipment of RMB10.09 million, RMB8.02 million was remained outstanding and hence reclassification made for presentation in consolidated statement of cash flows.

(Q) Adjustment for capitalisation of professional fees amounting to RMB2.42 million, incurred pursuant to the rights issue undertaken by the Company in FY2015.

(R) Reversal of settlement of bills payable amounting to RMB2.7 million which pertained to FY2016.

(S) Adjustments for settlement of Bank Borrowings of RMB5.98 million during the financial year.

(T) Reclassification of short-term bank deposit pledged from cash and cash equivalent.

The Company's Annual Report for FY2015, which will contain the Independent Auditor's Report and the Company's consolidated financial statements, will be despatched to shareholders and the SGX-ST in due course.

BY ORDER OF THE BOARD

Peng Weile
Executive Director
13 April 2016