FORISE INTERNATIONAL LIMITED

UNAUDITED RESULT For the Period Ended 31 March 2016

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS.

1(a)(i) A consolidated income statement (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial period.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group		
	1Q2016 RMB'000	1Q2015 RMB'000	%Change +/(-)
Continuing Operations			
Revenue	**14,475**	594	2,336.9
Cost of sales	**(11,843)**	(1,017)	1,064.5
Gross profit	**2,632**	(423)	n.m.
Other gains- net	**115**	-	n.m.
Expenses			
-Selling and distribution	**(48)**	(4)	1,100.0
-Administrative	**(1,694)**	(826)	105.1
-Other operating expenses	**454**	-	n.m.
-Finance	**(3)**	-	n.m
Profit/(loss) before income tax	**1,456**	(1,254)	n.m.
Income tax expenses	**-**	-	n.m.
Net profit/(loss)	**1,456**	(1,254)	n.m.
Discontinued operation			
(Loss) from discontinued operation, net of tax	**(2,592)**	(4,631)	44.0%
Total Comprehensive Loss /representing net loss	**(1,136)**	(5,885)	80.7%.
Total comprehensive loss	**(1,136)**	(5,885)	80.7%
Loss attributable to			
-Equity holders of the Company	**(1,136)**	(5,885)	80.7%
-Non-controlling interests	**-**	-	
	(1,136)	(5,885)	80.7%
Total comprehensive loss attributable to			
-Equity holders of the Company	**(1,136)**	(5,885)	80.7%
-Non-controlling interests	**-**	-	
	(1,136)	(5,885)	80.7%

The Discontinued Activities still continue to make losses due to business conditions and their level of business achieved. However, and as the disposal has not yet been approved by shareholders, the financial result of such activities must be reflected in Comprehensive Income. In the event that shaeholders approve the disposal in an etraordinary general meeting, the discontinued operations will be deconsolidated with an effective date of 1 January 2016

1(a)(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial period:-

	Group		
	1Q2016 RMB'000	1Q2015 RMB'000	%Change +/(-)
(Expense)/Income			
Depreciation of property, plant and equipment	**(21)**	(13)	61.5%
Interest income	**113**	-	n.m.
Foreign exchange gains/(losses), net	**454**	-	n.m.

"n.m." denotes "not meaningful"

FORISE INTERNATIONAL LIMITED

1(b)(i) A balance sheet (for the issuer and the Group), together with a comparative statement as at the end of the immediately preceding financial period

	Group		Company	
	As at 31 Mar 2016 RMB'000	As at 31 Dec 2015 RMB'000	**As at 31 Mar 2016 RMB'000**	As at 31 Dec 2015 RMB'000
ASSETS				
Current assets				
Cash and cash equivalents	**37,652**	79,581	**37,555**	38,244
Trade and other receivables	**15,249**	50,007	**60**	-
Inventories	**9,641**	10,949	**-**	-
Other current assets	**474**	1,699	**576**	401
Derivative financial assets	**-**	439	**-**	-
	63,016	142,675	**38,191**	38,645
Asset of disposal group classified as held for sale	**151,671**	-	**-**	-
	214,687	142,675	**38,191**	38,645
Non-current assets				
Investments in subsidiaries	**-**	-	**923**	-
Property, plant and equipment	**381**	37,721	**111**	122
Intangible assets	**-**	15,433	**-**	-
	381	53,154	**1,034**	122
Total assets	**215,068**	195,829	**39,225**	38,767
LIABILITIES				
Current liabilities				
Trade and other payables	**25,305**	93,858	**23,783**	22,435
Borrowings	**-**	233,049	**-**	-
Current income tax (assets)/liabilities	**96**	1,618	**-**	-
	25,401	328,525	**23,783**	22,435
Liabilities directly associated with disposal group classified as held for sale	**323,445**	-	**-**	-
Total Liabilities	**348,846**	328.525	**23,783**	22.435
NET (LIABILITIES)/ ASSETS	**(133,778)**	(132,696)	**15,442**	16,332
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	**145,320**	145,320	**145,320**	145,320
Restructuring reserve	**114,040**	114,040	**114,040**	114,040
Currency translation reserve	**(54)**	(109)	**-**	-
Warrant reserve	**674**	674	**674**	674
Accumulated losses	**(393,750)**	(392,613)	**(244,592)**	(243,702)
	(133,770)	(132,688)	**15,442**	16,332
Non-controlling interests	**(8)**	(8)	**-**	-
TOTAL EQUITY	**(133,778)**	(132,696)	**15,442**	16,332

1(b)(ii) Aggregate amount of the Group's borrowings and debt securities

Amount repayable within one year

	As at 31 Mar 2016		As at 31 Dec 2015	
	Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
Bank borrowings	-	-	120,359	-
Bills payable	-	-	75,111	-
Trade financing	-	-	37,579	-
	-	-	233,049	-

Note – In January 2016, the Group announced its intention to dispose some of its subsidiaries. This was followed by an announcement on 6 April 2016 that a Sale and Purchase Agreement was entered into for the disposal of the subsidiaries engaged in the manufacturing and production of garments, pursuant to which bank borrowings and debt securities as at 31 March 2016 have been reclassified to liabilities directly associated with disposal group classified as held for sale.

Details of any collateral

- Bank borrowings of the Group are secured over leasehold buildings and workshops and land-use right of the Group and joint and several guarantees from a shareholder and its related parties.
- Bills payables of the Group are secured by certain short-term bank deposits of the Group and corporate guarantee from certain subsidiary corporations.
- Trade receivables factoring of the Group are secured by certain trade receivables and joint and several guarantees from a shareholder and its related parties.

1(c) A cash flow statement (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial period

	Group	
	1Q 2016	1Q 2015
	RMB'000	RMB'000
Cash flows from operating activities		
Total loss	**(1,136)**	(5,898)
Adjustments for:		
-Income tax expense	**-**	747
-Amortisation and depreciation	**623**	1,697
-Interest expense	**1,966**	2,342
-Interest income	**(240)**	(116)
-Fair value losses on derivative financial instruments	**-**	1,004
-Unrealised currency translation (gains)/losses	**55**	50
Operating profit/(losses) before changes in working capital	**1,268**	(174)
Changes in working capital:		
-Trade and other receivables	**(42,836)**	36,376
-Inventories	**17,141**	13,803
-Other current assets	**(1,208)**	(1,141)
-Trade and other payables	**39,004**	(5,460)
Cash generated from operations	**13,369**	43,404
Interest received	**240**	116
Income tax paid	**6,279**	(728)
Net cash generated from operating activities	**19,888**	42,792
Cash flows from investing activites		
Net cash outflow on deconsolidation of a subsidiary	**-**	-
Additions to property, plant and equipment	**-**	(4)
Deposit for machinery and equipment	**-**	(79)
Proceeds from disposal of property, plant & machinery	**-**	-
Net cash generated used in investing activities	**-**	(83)
Cash flows from financing activities		
Proceeds from borrowings	**114,027**	111,846
Repayment of borrowings	**(138,989)**	(165,638)
Interest paid	**(1,966)**	(2,342)
Decrease in short-term bank deposits pledged	**-**	3,876
Net cash used in financing activities	**(26,928)**	(52,258)
Net decrease in cash and cash equivalents	**(7,040)**	(9,549)
Cash and cash equivalents at beginning of financial period	**79,581**	20,190
Effects on currency translation on cash and cash equivalents	**(2)**	(64)
Cash and cash equivalents at end of financial period	**72,539**	10,577

1(c) A cash flow statement (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial period (continued)

Note:

For the purpose of consolidated cash flow statement, cash and cash equivalents comprise the following :-

	Group	
	1Q 2016	1Q 2015
	RMB'000	RMB'000
Cash and bank balances	**72,539**	10,577
Less: Cash and cash equivalents for disposed group	**(34,887)**	(3,781)
	37,652	6,796

1(d)(i) A statement (for the issuer and the Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial period

(RMB'000)	Attributable to equity holders of the Company							Non-controlling interest	Total Equity
	Share Capital	Shares to be issued	Restructuring Reserve	Warrant Reserve	Currency Translation Reserve	Retained Profits/ (Accumulated Losses)	Total		
Group									
At 1 January 2016	145,320	-	114,040	674	(109)	(392,613)	(132,688)	(8)	(132,696)
Exchange translation reserve	-	-	-	-	54	-	54	-	54
Total comprehensive loss for the financial period	-	-	-	-	-	(1,136)	(1,136)	-	(1,136)
At 31 March 2016	145,320	-	114,040	674	(55)	(393.749)	(133,770)	(8)	(133,778)
At 1 January 2015	104,766	-	114,040	727	178	(203,731)	15,980	(8)	15,972
Total comprehensive loss for the financial period		-	-	-	(13)	(5,885)	(5,898)	-	(5,898)
At 31 March 2015	104,766	-	114,040	727	165	(209,616)	10,082	(8)	10,074
Company									
At 1 January 2016	145,320	-	114,040	674	-	(243,702)	16,332	-	16,332
Total comprehensive loss for the financial period	-	-	-	-	-	(890)	(890)	-	(890)
At 31 March 2016	145,320	-	114,040	674	-	(244,592)	15,442	-	15,442
At 1 January 2015	104,766	-	114,040	727	-	(187,730)	31,803	-	31,803
Total comprehensive loss for the financial period	-	-	-	-	-	20,275	20,275	-	20,275
At 31 March 2015	104,766	-	114,040	727	-	(167,455)	52,078	-	52,078

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial period

Share Capital

	Group and Company	
	As at 31 March 2016	As at 31 December 2015
	(No. of shares)	
Ordinary shares issued and fully paid		
Beginning of financial period/year	**2,130,000,000**	265,000,000
Issue of new shares arising from Rights Issue (as announced on 14 August 2015)	**-**	1,855,000,000
Issue of new shares arising from exercise of warrants (as announced on 6 November 2015)	**-**	10,000,000
End of financial period/year	**2,130,000,000**	2,130,000,000

On 14 August 2015, the Company announced the results of rights issue (please refer to announcement dated 14 August 2015 "Renouceable non-underwritten rights issue in the capital of the company – results of rights issue") where 1,855,000,000 rights shares were alloted and issued by the Company on 18 August 2015.

Warrants

The Company had on 20 May 2013 announced its entry into a Subscription Agreement with SAPO Investment Pte Ltd (Subscriber). Pursuant to the Subscription Agreement, the Company will issue 30,000,000 unlisted and non-transferable warrants ("Warrants") to the Subscriber for a subscription price of S$150,000.

The Warrants were issued at an issue price of S$ 0.005 each with each Warrant carrying the right to subscribe for one new share of the Company upon exercise of the Warrants by the Subscriber at the exercise price of S$ 0.075 for each new share. As of 1Q16, no warrant was exercised and converted into ordinary share of the Company. The Warrants will expire on 18 July 2016.

On 6 November 2015, the warrant holder SAPO Investment Pte Ltd ("SAPO") had exercised 10,000,000 Warrants @0.0176 per Warrant and the Company has issued 10,000,000 ordinary shares to SAPO for the Warrants exercised.

	Group and Company	
	As at 31 March 2016	As at 31 December 2015
	(No. of warrants outstanding)	
Beginning of financial period/year	**118,000,000**	**30,000,000**
Adjustment Warrants arising from the Rights Issue	**-**	98,000,000
Exercise of Warrants	**-**	(10,000,000)
End of financial period/year	**118,000,000**	118,,000,000

Pursuant to condition 6(g) of the Warrants conditions and the rights issue undertaken by the Company, at an issue price of S$0.005 for each ordinary share **("Rights Share")** on the basis of seven (7) Rights Shares for one (1) existing ordinary share of the Company **("Rights Issue"),** the number of the Warrants and the exercise price of each Warrant were adjusted as follows:

a) the number of Warrants was adjusted from 30,000,000 to 128,000,000; and

b) the exercise price of each Warrant was adjusted from S$0.075 to S$0.0176.

c) SAPO had exercised 10,000,000 Warrants at $0.0176 per Warrant on 6 November 2015

There was no change in the Company's share capital since the end of the previous period/year reported on and save as disclosed above there were no outstanding convertibles or treasury shares held as at 31 March 2016.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial year and as at the end of the immediately preceding year.

	Group and Company	
Number of issued shares excluding treasury shares	**As at 31 March 2016**	As at 31 December 2015
Beginning of financial period/year	**2,130,000,000**	265,000,000
Issue of new shares arising from rights issue (as announced on 14 August 2015)	**-**	1,855,000,000
Issue of new shares arising from exercise of warrants (as announced on 6 November 2015)	**-**	10,000,000
End of financial period/year	**2,130,000,000**	2,130,000,000

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period report on.

Not applicable.

2. Whether the figures have been audited or reviewed and in accordance with which standard and practice.

The figures in this announcement have not been audited or reviewed by the Group's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The Group had applied the same accounting policies and methods of computation in the Group's financial statements consistent with those applied for the most recently audited consolidated financial statements for the financial year ended 31 December 2015.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

In the current financial period, the Group adopted all the new/revised Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that are effective for annual period beginning on or after 1 January 2015. The adoption of the new / revised FRS did not result in any substantial change to the Group's accounting policies nor significant impact on the financial statements.

6. Earnings per ordinary share of the Group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	Group	
	First Quarter ended 31 March	
	2016	2015
	RMB Cents	RMB Cents
(Losses)/earnings per Share (Basic)		
- Continuing operations	**0.07**	(0.47)*
- Discontinued operations	**(0.12)**	(1.75)*
Number of shares		
Weighted average number of issued ordinary shares	**2,130,000,000**	265,000,000

	Group	
	First Quarter ended 31 March	
	2016	2015
	RMB Cents	RMB Cents
(Losses)/earnings per Share (Diluted)		
- Continuing operations	**0.06**	(0.47)*
- Discontinued operations	**(0.11)**	(1.75)*
Number of shares		
Weighted average number of issued ordinary shares	**2,248,000,000**	265,000,000

Basic loss per share is computed by dividing the loss attributable to the equity holders of the Company in each financial period by the weighted average number of ordinary shares outstanding at the end of the respective financial period.

* As the Group incurred net losses for the financial year 2015, the dilutive potential shares from outstanding warrants, shares to be issued and performance shares are anti-dilutive and no change is made to the diluted losses per share.

7. Net assets value (for the issuer and Group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-
(a) current financial period reported on; and
(b) immediately preceding financial period

	Group		Company	
	As at 31 Mar 2016	As at 31 Dec 2015	**As at 31 Mar 2016**	As at 31 Dec 2015
	RMB Cents	RMB Cents	**RMB Cents**	RMB Cents
Net assets value per ordinary share	**(6.28)**	(6.23)	**0.72**	0.77
Number of issued ordinary shares as at end of the financial period/year	**2,130,000,000**	2,130,000,000	**2,130,000,000**	2,130,000,000

8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. The review must include a discussion of the following:-

a) any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period/year reported on, including (where applicable) seasonal or cyclical factors; and

b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period/year reported on.

Commentary on Financial Results

	Continuing operations		
	1Q 2016 RMB'000	1Q 2015 RMB'000	%Change +/(-)
Revenue	**14,475**	594	2,336.9
Cost of sales	**(11,843)**	(1,017)	1,064.5
Gross profit	**2,632**	(423)	n.m.
Other gains/(loss)	**115**	-	n.m.
Expenses			
-Selling and distribution	**(48)**	(4)	1,100.0
-Administrative	**(1,694)**	(826)	
-Other Operating Expenses	**454**	-	105.1
-Finance	**(3)**	-	n.m
Loss before income tax	**1,456**	(1,254)	n.m.
Income tax expenses	**-**	-	n.m.
Net loss	**1,456**	(1,254)	n.m.

As announced in the Company's financial results for the year ended 31 December 2015, the Board, after undertaking a strategic and special review of the businesses of the Company, is of the opinion that it is difficult for the manufacturing component of its garment business (excluding the trading business) to turn around in the near term. The Company has ceased the manufacturing operations in the fourth quarter 2015, disposed of all the machineries of its production facilities held under its two main manufacturing subsidiaries to various third parties, retrenched all production workers and leased out its factory premises.

Following the cessation of its manufacturing operations, the Company intends to dispose of the excess fixed assets related to the manufacturing segment of the Group's business. The Group has, on 6 April 2016 entered into a sale and purchase agreement to sell the subsidiaries related to the manufacturing segment of the Group's business. Consequently, this group of subsidiaries has been reclassified as asset of disposal group held for sale ("Asset of disposal group"). Similarly, the liabilities associated with this disposal group were also classified as liabilities of disposal group held for sale ("Liabilities of disposal group") in 1Q2016.

In the first quarter ended 31 March 2016 ("1Q16"), the Group had intensified its trading business and accordingly revenue from trading had increased by RMB12.08 million, from RMB0.59 million in the first quarter ended 31 March 2015 ("1Q15") to RMB12.68 million in 1Q16.

At the same time, and as announced by the Company on 12 January 2016 in respect of its business plans, the Company is also considering, subject to the approval of its shareholders at a meeting to be convened, diversifying the business of the Group into the provision of corporate advisory and management consulting services to corporation. In the Company's results announcement for the full year ended 31 December 2015, the Company indicated that it may undertake some test projects on a limited scale. A revenue contribution of RMB1.8 million arose from these projects in 1Q2016.

Overall, the Group's total revenue for 1Q16 increased by RMB13.88 million, from RMB0.59 million in 1Q15 to RMB14.48 million as contributed by both the trading and corporate advisory services businesses.

	Revenue		
	1Q16	1Q15	% Change +/(-)
	RMB'000	RMB'000	
Trading	**12,675**	594	2,033.7
Corporate Advisory	**1,800**	-	n.m.
Total	**14,475**	594	n.m.

Revenue analysed by the geographical areas is as follows:

	Revenue		
	1Q 2016 RMB'000	1Q 2015 RMB'00	**%Change** +/(-)
Asia	**9,103**	594	n.m.
Europe	**1,875**	-	n.m.
America	**3,497**	-	n.m.
Other	**-**	-	-
Total	**14,475**	594	n.m.

Gross profit increased by RMB1.26 million, from gross losses of RMB0.42 million in 1Q15 to gross profit of RMB2.63 million in 1Q16. This was mainly due to the change of the focus on mainstream of trading product mix with better profit margin.

Other gains/(loss)

The Group recorded other gains of RMB0.12 million in 1Q16, due mainly to interest income from the fixed deposit.

Administrative Expenses and Other Operating Expenses

Administrative expenses increased by RMB0.87 million from RMB0.83 million in 1Q15 to RMB1.69 million mainly due to higher administration and operating cost.

Other operating expenses recorded a gain of RMB0.45million in 1Q16, arising from foreign exchange gains. In 1Q16, the trading business includes US$ denominated sales and receipts as opposed to RMB denominated trade in 1Q15.

Consequent to the above, the Group recorded a profit before tax of RMB1.46 million from its continuing operations in 1Q2016 as compared to losses of RMB1.25 million in 1Q15.

Commentary on Financial Position

As announced on 6 April 2016, the Company had entered into a sale and purchase agreement to sell the contract manufacturing segment. Following this, the Group has reclassified the assets and liabilities of the disposed group under "Asset of disposal group" and "Liabilities of disposal group".

Non current assets

Non-current assets decreased by RMB52.77 million from RMB53.15 million as at 31 December 2015 to RMB0.38 million as at 31 March 2016 mainly due to the reclassifications of the non-current assets of the disposal group to "Asset of disposal group".

Current Assets

Current assets had increased by RMB72.01 million from RMB142.67 million as of 31 December 2015 to RMB214.69 million as of 31 March 2016 mainly due to the reclassifications of those current assets of the disposal group to "Asset of disposal group" of RMB151.67 million, offset by a decrease in working capital of RMB79.66 million.

Cash and cash equivalents decreased by RMB41.93 million from RMB79.58 million as at 31 December 2015 to RMB37.65 as of 31 December 2015 due mainly to those cash balances of the disposed subsidiaries being reclassified to "Asset of disposal group".

Trade and other receivables decreased by RMB34.76 million from RMB50.01 million as at 31 December 2015 to RMB15.25 million as at 31 March 2016. The decrease was mainly due to the reclassifications of these balances to "Asset of disposal group"

Trade and Other Receivables

	31 Mar 2016	31 Dec 2015	% Change
	RMB'000	RMB'000	+/ (-)
Trade receivables	**18,490**	184,990	-90.00%
Less: Allowance for impairment of trade receivables	**(4,994)**	(160,973)	-96.90%
	13,496	24,017	-43.81%
Advances to suppliers	**-**	133,030	n.m.
Less: Allowance for impairment of advances to suppliers	**-**	(118,304)	n.m.
	-	14,726	n.m.
Other receivables	**-**	6,910	n.m.
Value added tax receivables	**1,753**	4,354	-59.74%
Total	**15,249**	50,007	-69.51%

Inventories

	31 Mar 2016	31 Dec 2015	% Change
	RMB '000	RMB '000	+/ (-)
Raw materials	**-**	3,408	n.m.
Work-in-progress	**-**	-	-
Finished goods	**9,641**	7,541	+27.85%
Total	**9,641**	10,949	-11.95%

Inventories decreased by RMB1.31 million from RMB10.95 million as at 31 December 2015 to RMB9.64 million as at 31 March 2016. The decrease was mainly due to reclassifications to "Asset of disposal group" and an increase of RMB9.40 million in finished goods for the trading segment.

Current liabilities

Current liabilities decreased by RMB303.12 million from RMB328.53 million as at 31 December 2015 to RMB35.41 million as at 31 March 2016. The decrease was mainly due to the reclassifications of current liabilities balances of the disposed group to "Liabilities of disposal group" of RMB323.45 million and decreases in trade and other payables.

Due to the disposal of the subsidiaries, the Group bank borrowings has been reclassified to "Liabilities of disposal group".

Despite the sharp reduction in Payables due to the reclassification, Payables as a percentage of revenu appears high due to the procurement of inventories for the trading group.

The breakdown of borrowings is as follows:

	As at 31 Mar 2016			As at 31 Dec 2015		
	Gross	**Deposits pledged**	**Net**	Gross	Deposits pledged	Net
	RMB' 000	**RMB' 000**	**RMB' 000**	RMB' 000	RMB' 000	RMB' 000
Bank borrowings	**-**	**-**	**-**	120,359	-	120,359
Bills payables	**-**	**-**	**-**	75,111	-	75,111
Trade financing	**-**	**-**	**-**	37,579	-	37,579
Total	**-**	**-**	**-**	233,049	-	233,049

Commentary on financial cash flow

The Group incurred net cash generated in operating activities of RMB19.89 million in 1Q16. This was mainly due to reduction in inventories and offset from trade and other receivables and trade and other payables for 1Q16.

Net cash used in financing activities in 1Q16 was RMB26.93 million. This was mainly due to net payment to bank borrowings of RMB24.96 million.

Cash and cash equivalents decreased by approximately RMB7.04 million from approximately RMB79.58 million as at 31 December 2015 to approximately RMB75.54 million as at 31 March 2016 due to working capital.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

There is no forecast, or a prospect statement, that has been previously disclosed to shareholders. However, shareholders may wish to note the following:

The Group had in the last quarter of 2015 disposed off the plant and machineries and ceased its manuafacturing activities. The Group will continue to focus on better margin trading of garments business activities. In January 2016, the Group had announced the intention to dispose some of the subsidiaries engaged in the manufacturing of garments followed by an announcement on 6 April 2016 that a Sale and Purchase Agreement was entered into between the Company and Mr Weng Wenwei for the disposal of the subsidiaries engaged in the manufacuring of garments. The completion of this disposal will result in the Group transferring the rights and ownership of the assets and discharging all obligations of liabilities of the sale entities including the short term bank borrowings, trade financing and bills payables of RMB233 million.

In the same announcement made on 12 January 2016, the Group announced its plans to diversify its business into the provision of corporate advisory and management consulting services to corporations, subject to the approval of shareholders. This is in line with the Group's ongoing business strategy to improve its revenue and performance and to pursue business opportunities with good prospects for long term growth. The Group has undertaken some test projects in 1Q16 with a contribution to the revenue and performance of RMB1.8 million.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months

The Group is now focused on trading of higher margin products and expects to continue to maintain this strategy for the year. The Group currently does not foresee any significant emerging trend or changing competitive conditions in this industry other than the weakening of the PRC economy that might impact the Group's trading business.

As part of the Company's ongoing business strategy to broaden the Group's revenue stream and pursue business opportunities with good prospects for long-term growth, the Company intends, subject to approval of Shareholders at an EGM to be convened, to diversify the core business of the Group into the business of providing strategic planning, corporate advisory, financial restructuring advisory and management consulting services ("New Business"). This New Business is in a service based industry and is not expected to require high level of investment. The existing management has sufficient experiences and resources in the New Business and believes that in the PRC environment, relationship, expertise, knowledge as well as service levels and standards play a key role to the success of the business. The management believes that their past contacts will allow them an advantage in building a client base in the New Business, which given its comparatively low costs structure, will contribute towards the performance of the New Business. The Company will be convening an EGM to obtain approval from the shareholders for the diversification into the New Business.

The Group has also announced in the Company's financial results for the year ended 31 December 2015, that the Company may undertake some test projects in the New Business on a limited scale. In 1Q16, the Group has started to provide corporate advisory services and recorded a revenue of RMB1.8 million.

It is the plan and hope of the Group that the combined contribution from this New Business segment, once approved, together with the trading business in the next 12 months will set the Group on the path towards meeting the requirements for exiting the financial watchlist.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? None.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect

Not applicable.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

No general mandate has been obtained from shareholders for IPTs.

14. Statement Pursuant to Rule 705(5) of the Listing Manual

To the best of their knowledge and belief, nothing has come to the attention of the Board of Directors which may render the unaudited First Quarter Results of the Group for the financial period ended 31 March 2016 to be false or misleading in any material respect.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

The Company confirms that the undertakings required under Rule 720(1) of the Listing Manual have been obtained from all its directors and executive officers in the format set out in Appendix 7.7 of the Listing Manual.

On behalf of the Board of Directors,

BY ORDER OF THE BOARD
Leo Peng WeiLe
Executive Director
9 May 2016