Forise International Limited

UNAUDITED RESULT For the Period Ended 30 June 2017

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			Group		
	2Q17 RMB'000	2Q16 RMB'000	%Change +/(-)	**1H2017 RMB'000**	1H2016 RMB'000	%Change +/(-)
Continuing Operations						
Revenue	**3,044**	23,773	-87.20	**10,517**	38,248	-72.50
Cost of sales	**(417)**	(21,014)	-98.02	**(5,084)**	(32,858)	-84.53
Gross profit	**2,627**	2,759	-4.78	**5,433**	5,390	0.80
Other gains	**31**	83	-62.65	**58**	198	-70.71
Expenses						
-Selling and distribution	**(172)**	(55)	212.73	**(228)**	(103)	121.36
-Administrative	**(1,572)**	(1,715)	-8.34	**(4,009)**	(3,409)	17.60
-Other operating expenses	**(335)**	358	n.m.	**238**	811	-70.65
-Finance	**(4)**	-	n.m.	**(10)**	(2)	400.00
Profit before income tax	**575**	1,430	-59.79	**1,482**	2,885	-48.63
Income tax expenses	**(450)**	-	n.m.	**(830)**	-	n.m.
Net Profit	**125**	1,430	-91.26	**652**	2,885	-77.40
Discontinued operation						
Loss from discontinued operation, net of tax	**-**	(4,744)	n.m.	**-**	(7,335)	n.m.
Total comphrensive income/(loss) representing net profit/(loss)	**125**	(3,314)	n.m.	**652**	(4,450)	n.m.
Total comprehensive income/(loss)	**125**	(3,314)	n.m.	**652**	(4,450)	n.m.
Income/(loss) attributable to						
-Equity holders of the Company	**125**	(3,314)	n.m.	**652**	(4,450)	n.m.
-Non-controlling interests	**-**	-	-	**-**	-	-
	125	(3,314)	n.m.	**652**	(4,450)	n.m.
Total comprehensive income/(loss) attributable to						
-Equity holders of the Company	**125**	(3,314)	n.m.	**652**	(4,450)	n.m.
-Non-controlling interests	**-**	-	n.m.	**-**	-	n.m.
	125	(3,314)	n.m.	**652**	(4,450)	n.m.

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			Group		
	2Q17 RMB'000	2Q16 RMB'000	%Change +/(-)	**1H 2017 RMB'000**	1H 2016 RMB'000	%Change +/(-)
(Expense)/Income						
Depreciation of property, plant and equipment	**(10)**	(19)	-47.37	**(58)**	(40)	45.00
Interest income	**31**	79	-60.76	**58**	192	-69.79
Foreign exchange gains/(losses), net	**(335)**	358	n.m.	**238**	811	-70.65

"n.m." denotes "not meaningful"

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 30 Jun 2017 RMB'000	As at 31 Dec 2016 RMB'000	**As at 30 Jun 2017 RMB'000**	As at 31 Dec 2016 RMB'000
ASSETS				
Current assets				
Cash and cash equivalents	**37,358**	38,857	**20,753**	25,146
Trade and other receivables	**10,551**	20,797	**10,286**	9,061
Inventories	**-**	12	**-**	-
Other current assets	**676**	589	**676**	582
	48,585	60,255	**31,715**	34,789
Non-current assets				
Investment in subsidiaries	**-**	-	**923**	923
Investment in associated company	**40**	-	**-**	-
Property, plant and equipment	**263**	305	**47**	51
	303	305	**970**	974
Total assets	**48,888**	60,560	**32,685**	35,763
LIABILITIES				
Current liabilities				
Trade and other payables	**3,689**	16,284	**931**	1,705
Current income tax liabilities	**1,658**	1,387	**-**	-
	5,347	17,671	**931**	1,705
Total liabilities	**5,347**	17,671	**931**	1,705
NET ASSETS	**43,541**	42,889	**31,754**	34,058
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	**145,320**	145,320	**145,320**	145,320
Currency translation reserve	**9**	9	**-**	-
Accumulated losses	**(101,788)**	(102,440)	**(113,566)**	(111,262)
	43,541	42,889	**31,754**	34,058
Non-controlling interests	**-**	-	**-**	-
Total equity	**43,541**	42,889	**31,754**	34,058

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

The Group has no borrowings and debt securities as at 30 June 2017 and 31 December 2016.

1(b)(iii) Details of any collaterals

Nil.

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		Group	
	2Q17	2Q16	**1H 2017**	1H 2016
	RMB'000	RMB'000	**RMB'000**	RMB'000
Cash flows from operating activities				
Total profit/(loss)	**125**	(3,314)	**652**	(4,450)
Adjustments for:				
-Income tax expense	**450**	-	**830**	-
-Amortisation and depreciation	**10**	505	**58**	1,128
-Interest expense	**-**	3,166	**-**	5,132
-Interest income	**(31)**	(177)	**(58)**	(417)
-Inventory written off	**6**	-	**6**	-
-Unrealised currency translation (gains)/losses	**-**	(306)	**6**	(251)
Operating profit/(losses) before changes in working capital	**560**	(126)	**1,494**	1,142
Changes in working capital:				
-Trade and other receivables	**558**	(105,715)	**10,245**	(148,551)
-Inventories	**-**	8,649	**-**	25,790
-Other current assets	**(34)**	156	**(86)**	(1,052)
-Trade and other payables	**(6,729)**	89,117	**(12,595)**	128,121
Cash (used in)/generated from operations	**(5,645)**	(7,919)	**(942)**	5,450
Interest received	**31**	177	**58**	417
Income tax paid	**(296)**	(8,644)	**(559)**	(2,365)
Net cash (used in)/generated from operating activities	**(5,910)**	(16,386)	**(1,443)**	3,502
Cash flows from investing activites				
Additions of property, plant and equipment	**(16)**		**(16)**	
Investment in associated company	**(40)**	-	**(40)**	-
Net cash used in investing activities	**(56)**	-	**(56)**	-
Cash flows from financing activities				
Proceeds from borrowings	**-**	90,177	**-**	204,204
Repayment of borrowings	**-**	(95,373)	**-**	(234,362)
Interest paid	**-**	(3,166)	**-**	(5,132)
Net cash used in financing activities	**-**	(8,362)	**-**	(35,290)
Net decrease in cash and cash equivalents	**(5,966)**	(24,748)	**(1,499)**	(31,788)
Cash and cash equivalents at beginning of financial period	**43,324**	72,539	**38,857**	79,581
Effects on currency translation on cash and cash equivalents	**-**	1	**-**	(1)
Cash and cash equivalents at end of financial period	**37,358**	47,792	**37,358**	47,792

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		Group	
	2Q17 RMB'000	2Q16 RMB'000	**1H 2017 RMB'000**	1H 2016 RMB'000
Cash and bank balances	**37,358**	47,792	**37,358**	47,792
Less : Cash in Disposed Group	**-**	(10,923)	**-**	(10,923)
	37,358	36,869	**37,358**	36,869

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	Restructuring Reserve	Warrant Reserve	Currency Translation Reserve	Retained Profits/ (Accumulated Losses)	Total		
Group								
At 1 January 2017	145,320	-	-	9	(102,440)	42,889	-	42,889
Total comprehensive income for the financial period	-	-	-	-	652	652	-	652
At 30 June 2017	145,320	-	-	9	(101,788)	43,541	-	43,541
At 1 January 2016	145,320	114,040	674	(109)	(392,613)	(132,688)	(8)	(132,696)
Total comprehensive loss for the financial period	-	-	-	(252)	(4,450)	(4,702)	-	(4,702)
At 31 June 2016	145,320	114,040	674	(361)	(397,063)	(137,390)	(8)	(137,398)
Company								
At 1 January 2017	145,320	-	-	-	(111,262)	34,058	-	34,508
Total comprehensive loss for the financial period	-	-	-	-	(2,304)	(2,304)	-	(2,304)
At 30 June 2017	145,320	-	-	-	(113,566)	31,754	-	31,754
At 1 January 2016	145,320	114,040	674	-	(243,702)	16,332	-	16,332
Total comprehensive loss for the financial period	-	-	-	-	(2,180)	(2,180)	-	(2,180)
At 30 June 2016	145,320	114,040	674	-	(245,882)	14,152	-	14,152

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 and subsidiary holdings 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 year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 year.

Share Capital

	Group and Company	
	As at 30 June 2017	As at 31 December 2016
	(No. of shares)	
Ordinary shares issued and fully paid		
Beginning and end of financial period/year	**2,130,000,000**	2,130,000,000

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 30 June 2017.

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	
	As at 30 June 2017	As at 31 December 2016
Number of issued shares excluding treasury shares		
Beginning and 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.

1(d)(v) A statement showing all sales, transfers, disposals, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported 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 statement consistent with those applied for the most recently audited consolidated financial statements for the financial year ended 31 December 2016.

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 2017. The adoption of the new / revised FRS did not result in any substantial change to the Group's accounting policies.

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		Group	
	Second Quarter ended 30 June		Half Year ended 30 June	
	2017	2016	**2017**	2016
	RMB Cents	RMB Cents	**RMB Cents**	RMB Cents
Earnings/(Losses) per Share (Basic)				
- Continuing operations	**0.006**	0.07	**0.031**	0.14
- Discontinued operations	**-**	(0.22)	**-**	(0.34)
Number of shares				
Weighted average number of issued ordinary shares	**2,130,000,000**	2,130,000,000	**2,130,000,000**	2,130,000,000

	Group		Group	
	Second Quarter ended 30 June		Half Year ended 30 June	
	2017	2016	**2017**	2016
	RMB Cents	RMB Cents	**RMB Cents**	RMB Cents
Earnings/(losses) per Share (Diluted)				
- Continuing operations	**0.006**	0.06	**0.031**	0.13
- Discontinued operations	**-**	(0.21)	**-**	(0.33)
Number of shares				
Weighted average number of issued ordinary shares	**2,130,000,000**	2,248,000,000	**2,130,000,000**	2,248,000,000

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.

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 30 Jun 2017	As at 31 Dec 2016	**As at 30 Jun 2017**	As at 31 Dec 2016
	RMB Cents	RMB Cents	**RMB Cents**	RMB Cents
Net assets value per ordinary share	**2.04**	2.01	**1.49**	1.60
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

As described below, the Company is undergoing the change of business mix. Hence, the results of Q2 2017 are not directly comparable with Q2 2016.

The Group's Q2 2017 earnings arose solely from the business of providing strategic planning, corporate advisory, financial restructuring advisory and management consultancy services.

Our corporate advisory services comprise two categories: advice to SMEs (and a few ultra high net worth individuals) with respect to better deployment of idle capital; and advice to fund and investment managers with respect to corporate actions such as pre-IPO, mezzanine financing, private equity etc.

Revenue

	Revenue			Revenue		
	2Q17	2Q16	% Change +/(-)	**1H 2017**	1H 2016	% Change +/(-)
	RMB'000	RMB'000		**RMB'000**	RMB'000	
Trading	**-**	23,173	-100.00	**2,717**	35,848	-92.42
Corporate Advisory	**3,044**	600	407.33	**7,800**	2,400	225.00
Total	**3,044**	23,773	-87.20	**10,517**	38,248	-72.50

Revenue analysed by the geographical areas is as follows:

	Revenue			Revenue		
	2Q17 RMB'000	2Q16 RMB'000	**%Change** +/(-)	**1H 2017 RMB'000**	1H 2016 RMB'000	**%Change** +/(-)
Asia	**3,044**	12,992	-76.57	**10,517**	22,095	-52.40
Europe	**-**	5,588	-100.00	**-**	7,463	-100.00
America	**-**	1,696	-100.00	**-**	5,193	-100.00
Other	**-**	3,497	-100.00	**-**	3,497	-100.00
Total	**3,044**	23,773	-87.20	**10,517**	38,248	-72.50

The continued weakness in margins from traditional garment trading in Q1 2017 and strong competition from Vietnam had tremendously affected our garment trading business. The gross profit margin of the trading deals were razor thin and thus not able to outweigh the relevant costs of the trading business. Management has decided not to go ahead with garment trading unless a sustainable margin/resonable profit is in sight.

Revenue from corporate advisory business, on the other hand, increased by RMB2.45 million or 407.33%, from RMB0.60 million in Q2 2016 to RMB3.04 million, in Q2 2017. The revenue for the half year ended 30 June 2017 ("1H 2017") increased by RMB5.4 million or 225.00%, from RMB2.4 million for the first half year ended 30 June 2016 ("1H 2016") to RMB7.8 million, in 1H 2017. The increase in corporate advisory service revenue was mainly due more advisory service contracts completed by the Group in Q2 2017 as opposed with Q2 2016, when the corporate advisory services was newly launched.

As a result of change in the revenue mix, the Group's total revenue for Q2 2017 decreased by RMB20.73 million or 87.20%, from RMB23.77 million in Q2 2016 to RMB3.04 million in Q2 2017. The Group's total revenue for 1H 2017 decreased by RMB27.73 million or 72.50%, from RMB38.25 million in 1H 2016 to RMB10.52 million in 1H 2017.

Gross Profit

	Gross Profit			Gross Profit		
	2Q17	2Q16	% Change +/(-)	**1H 2017**	1H 2016	% Change +/(-)
	RMB'000	RMB'000		**RMB'000**	RMB'000	
Trading	**-**	2,753	-100.00	**54**	2,990	-98.19
Corporate Advisory	**2,627**	6	n.m.	**5,379**	2,400	124.10
Total	**2,627**	2,759	-4.78	**5,433**	5,390	-0.80

Gross profit decreased by RMB0.13 million or 4.78%, from RMB2.76 million in Q2 2016 to RMB2.63 million in Q2 2017 due mainly to the change in revenue mix.

For 1H 2017, gross profit was RMB5.43 million reflecting a higher profit margin in the corporate advisory business as compared to the garment trading business.

Other gains

The Group recorded other gains of RMB0.03 million and RMB0.06 million in Q2 2017 and 1H 2017 respectively, which represent the interest income from fixed deposit.

Administrative Expenses and Other Operating Expenses

Administrative expenses decreased by RMB0.15 million or 8.34%, from RMB1.72 million in Q2 2016 to RMB1.57 million, in Q2 2017. For 1H 2017, administrative expenses increased by RMB0.60 million or 17.60%, from RMB3.41 million in 1H 2016 to RMB4.01 million, in 1H 2017. The increase in administrative expenses was mainly due to legal and professional fees incurred for corporate advisory business as well as the proposed Rights Isssue exercise.

Other operating expenses recorded a loss of RMB0.34million in Q2 2017, arising from foreign exchange loss due mainly to the depreciation of SGD and USD against RMB for the period reported on. Overall in 1H 2017, the foreign currency exchange gain has decreased to RMB0.24 million consequent to the foreign currency exchange loss recorded in Q2 2017.

Profit before tax

As a result of the above, the Group recorded a profit before tax of RMB0.58 million in Q2 2017 as compared to RMB1.43 million in Q2 2016. The Group recorded a profit before tax of RMB1.48 million in 1H 2017 as compared to RMB2.89 million in 1H 2016.

Income Tax and Profit after tax

Income tax expenses comprised of a provision for corporate income tax of RMB0.45 million and RMB0.83 million, which arose from corporate advisory services rendered, in the corresponding Q2 2017 and 1H 2017 respectively.

Consequent to the above, the Group recorded net profit of RMB0.12 million in Q2 2017 as compared to net profit of RMB1.43 million in Q2 2016. The Group's net profit of RMB0.65 million in 1H 2017 as compared to RMB2.88 in 1H 2016.

Commentary on Financial Position

Non current assets

Property, plant and equipment decreased by RMB0.04 million from RMB0.31 million as at 31 December 2016 to RMB0.26 million as at 30 June 2017 was mainly due to depreciation charge.

The Group has an investment in associated company of RMB0.04 million. The investment was made by a wholly-owned subsidiary, Tianjin Forise Corporation Management Consultancy Limited as a platform for entry into the business of commercial factoring in China.

Current Assets

Current assets had decreased by RMB11.67 million from RMB60.25 million as at 31 December 2016 to RMB48.58 million as at 30 June 2017 mainly due to the decrease in trade and other receivables, offset by increase in cash and cash equivalents.

Cash and cash equivalents decreased by RMB1.50 million, from RMB38.86 million as at 31 December 2016 to RMB37.36 as at 30 June 2017, mainly due to net cash used in operating activities for the 1H 2017 reported on.

Trade and other receivables decreased by RMB10.25 million, from RMB20.80 million as at 31 December 2016 to RMB10.55 million as at 30 June 2017, in parallel with the drop in our garment trading business.

Trade and Other Receivables

	30 June 2017	31 Dec 2016	% Change
	RMB'000	RMB'000	+/ (-)
Trade receivables	**14,312**	24,526	(41.65)
Less: Allowance for impairment of trade receivables	**(3,761)**	(3,761)	-
	10,551	20,765	(49.19)
Other receivables	**-**	32	(100.00)
Total	**10,551**	20,797	(49.27)

Current liabilities

Current liabilities decreased by RMB12.32 million from RMB17.67 million as at 31 December 2016 to RMB5.35 million as at 30 June 2017. The decrease was mainly due to settlement of trade payables.

Commentary on financial cash flow

Net cash used in operating activities of RMB5.91 million in Q2 2017 was mainly due to payments made to trade payables. For 1H 2017, the net cash used in operating activities was RMB1.44 million after netting out with the net cash generated in Q1 2017 of RMB4.47 million, which was mainly collection from trade receivables.

Net cash used in investing activities of RMB0.06 million were in relation to an investment in an associated company with commercial factoring licence in China and addition of a new accounting software.

As there were no cash flows from financing activities, hence, the cash and cash equivalents decreased by RMB1.50 million from RMB38.86 million as at 31 December 2016 to RMB37.36 million as at 30 June 2017.

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 significant variance between our prospect commentary previously announced and the actual results for the period reported on.

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 garment trading business of the Group has been increasingly challenging due to changing competitive conditions in this industry, the weakening demand for our products in both the PRC and the global market, and trade protectionism. In view of the high risk and low reward profile of the garment trading business, management has decided to cease the garment trading business. The Group will focus on the development and expansion of its corporate advisory business.

The Group will continue to source for other business opportunities to expand and enhance the performance and net asset value of the Group.

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 Second Quarter Results of the Group for the financial period ended 30 June 2016 to be false or misleading in any material aspect.

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
11 August 2017