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

MATERIAL VARIANCE BETWEEN AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 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 ("**Unaudited Financial Statements**") for the financial year ended 31 December 2016 ("**FY2016**"), which was announced by the Company on 28 February 2017.

The Board wishes to announce that following the strengthening of the Company's accounting function through its appointment of a finance manager, there are material variances in the Group's audited full year financial statements ("**Audited Financial Statements**") for FY2016 from that of the Group's Unaudited Financial Statements. The material variances in the Consolidated Statement of Comprehensive Income. The total variance of RMB 1.88 million in the Total Profit between the Unaudited Financial Statements and the Audited Financial Statements was due to primarily to an additional increase in tax provisions for its HK subsidiary on the advice of the Company's Hong Kong tax advisers. In the event the subsidiary does not pay the tax, the tax will be written back. The other two significant changes were offsetting reclassifications recommended by the management and agreed with the auditors.

Consolidated Statement of Comprehensive Income

	Announced (RMB'000)	Audited (RMB'000)	Variance (RMB'000)	Notes
Administrative expenses	(7,397)	(6,134)	(1,263)	Reclassification of consultancy services expenses and impairment charges out of administrative expenses, as well as a reversal from an earlier over provision of directors' fees and additional provision for under provision of other payables
Other Operating Expense	(653)	(1,929)	1,276	Reclassification of additional expenses (currency gain, impairment charge) into other operating expenses, as well as additional impairment of other receivables and reversal of trade payables.
Income tax expense	(725)	(1,374)	649	Increase in income tax provision of subsidiaries
Total Profit	291,387	289,499	(1,888)	Accumulated impact of all adjustments

The Board also wishes to advise that following extensive discussions, the Board has decided to take a more prudent stand by immediately writing off the restructuring reserve. The total variance of RMB 115.81 million in the Total Comprehensive Income between the Unaudited Financial Statements and the Audited Financial Statements was due to primarily to this write-off.

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	Announced (RMB'000)	Audited (RMB'000)	Variance (RMB'000)	Notes
Other comprehensive loss	-	(113,922)	113,922	Principally arising from the reversal of restructuring reserve of RMB114.04 million upon disposal of subsidiaries.
Total comprehensive income	291,387	175,577	(115,810)	Accumulated impact of all adjustments

In addition to the above, there were variances in the Cost of Sales and Other Gains (net) between the Audited Financial Statements and Unaudited Financial Statements. These amounts are not disclosed separately as they were judged to be not material when considered as a percentage of the underlying figures or its impact on the Net Profit after Tax and Total Comprehensive Income.

Balance Sheet

As a result of the above, there were modest changes to select classes in the Balance Sheet. The only asset or liability class with a change of more than 3% change was:

	Announced (RMB'000)	Audited (RMB'000)	Variance (RMB'000)	Notes
COMPANY				
Current Assets				
Trade and other receivables	6,922	9,061	2,139	Increase was due to adjustment for re-allocation of holding corporation's expenses to subsidiary corporations to subsidiaries.

As a result of the above, the principle impact in the Consolidated Statement of Cashflow was:

Consolidated Statement of Cash Flows

	Announced (RMB'000)	Audited (RMB'000)	Variance (RMB'000)	Notes
Cash Flow from Operating Activities				
Total profit	291,387	289,499	(1,888)	Please refer to the above explanatory of consolidated statement of comprehensive income.
Unrealised currency translation (gains)/loss	126	(120)	(246)	Relate to adjustment for currency translation differences
Write back of warrant reserve	(674)	-	674	Reclassification to equity movement.
Cash flow from investing activities				
Additions to property, plant and equipment	(221)	(5)	(216)	The additions to property, plant and equipment was RMB0.05

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				million instead of RMB0.22 million.

There were modest variances in Income tax expense, Trade and other receivables and Trade and other payables between the Audited Financial Statements and Unaudited Financial Statements that were not included here as these variances were explained in Consolidated Statement of Comprehensive Income and Balance Sheet above.

The Board is pleased that the enhanced accounting function highlighted many, if mostly modest, matters to the Board. The Board, however, regrets that the new financial manager could not have joined us earlier resulting in the necessity of making this announcement.

The Company's Annual Report for FY2016, 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
8 April 2017