

# FORISE INTERNATIONAL LIMITED

## UNAUDITED RESULT For the Period Ended 30 September 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			Group		
	3Q16	3Q15	%Change	9M 2016	9M 2015	%Change
	RMB'000	RMB'000	+ / (-)	RMB'000	RMB'000	+ / (-)
<b>Continuing Operations</b>						
<b>Revenue</b>	<b>37,767</b>	<b>67</b>	<b>n.m.</b>	<b>76,015</b>	<b>874</b>	<b>n.m.</b>
<b>Other Income</b>	<b>-</b>	<b>9</b>	<b>n.m.</b>	<b>7</b>	<b>63</b>	<b>-88.89%</b>
<b>Gains on disposal of subsidiaries</b>	<b>284,065</b>	<b>-</b>	<b>n.m.</b>	<b>284,065</b>	<b>-</b>	<b>n.m.</b>
<b>Write back of warrant reserve</b>	<b>674</b>	<b>-</b>	<b>n.m.</b>	<b>674</b>	<b>-</b>	<b>n.m.</b>
<b>Interest income</b>	<b>49</b>	<b>-</b>	<b>n.m.</b>	<b>241</b>	<b>-</b>	<b>n.m.</b>
	<b>322,555</b>	<b>9</b>	<b>n.m.</b>	<b>361,002</b>	<b>63</b>	<b>n.m.</b>
<b>Expenses</b>						
-Purchase of trading goods	(33,590)	(51)	n.m.	(66,448)	(1,278)	n.m.
-Selling and distribution	(57)	(8)	n.m.	(160)	(18)	n.m.
-Administrative	(2,186)	(2,865)	-23.70%	(5,595)	(5,692)	-1.70%
-Other operating expenses	(274)	(128)	n.m.	538	(128)	n.m.
-Finance	(1)	-	n.m.	(4)	-	n.m.
<b>Profit/(Loss) before income tax</b>	<b>286,447</b>	<b>(2,976)</b>	<b>n.m.</b>	<b>289,333</b>	<b>(6,179)</b>	<b>n.m.</b>
Income tax expenses	-	-	-	-	-	-
<b>Net Profit/(Loss)</b>	<b>286,447</b>	<b>(2,976)</b>	<b>n.m.</b>	<b>289,333</b>	<b>(6,179)</b>	<b>n.m.</b>
<b>Profit/(Loss) attributable to</b>						
-Equity holders of the Company	286,447	(2,976)	n.m.	289,333	(6,179)	n.m.
-Non-controlling interests	-	-	-	-	-	-
	<b>286,447</b>	<b>(2,976)</b>	<b>n.m.</b>	<b>289,333</b>	<b>(6,179)</b>	<b>n.m.</b>
<b>Total comprehensive Profit/(Loss) attributable to</b>						
-Equity holders of the Company	286,447	(2,976)	n.m.	289,333	(6,179)	n.m.
-Non-controlling interests	-	-	-	-	-	-
	<b>286,447</b>	<b>(2,976)</b>	<b>n.m.</b>	<b>289,333</b>	<b>(6,179)</b>	<b>n.m.</b>

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**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:-**

	<b>Group</b>			<b>Group</b>		
	<b>3Q16</b>	<b>3Q15</b>	<b>%Change</b>	<b>9M 2016</b>	<b>9M 2015</b>	<b>%Change</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>+ / (-)</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>+ / (-)</b>
<u>(Expense)/Income</u>						
Depreciation of property, plant and equipment	<b>(17)</b>	(24)	-29.17%	<b>(57)</b>	(41)	39.02%
Interest income	<b>49</b>	-	n.m.	<b>241</b>	-	n.m.
Foreign exchange gains/(losses), net	<b>(273)</b>	(128)	n.m.	<b>538</b>	(128)	n.m.

"n.m." denotes "not meaningful"

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**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 Sep 2016 RMB'000	As at 31 Dec 2015 RMB'000	As at 30 Sep 2016 RMB'000	As at 31 Dec 2015 RMB'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	34,317	79,581	29,322	38,244
Trade and other receivables	42,279	50,007	4,178	-
Inventories	5	10,949	-	-
Other current assets	526	1,699	523	401
Derivative financial assets	-	439	-	-
<b>Current Assets</b>	<b>77,127</b>	<b>142,675</b>	<b>34,023</b>	<b>38,645</b>
<b>Non-current assets</b>				
Investment in subsidiaries	-	-	923	-
Property, plant and equipment	315	37,721	61	122
Intangible assets	-	15,433	-	-
	<b>315</b>	<b>53,154</b>	<b>984</b>	<b>122</b>
<b>Total assets</b>	<b>77,442</b>	<b>195,829</b>	<b>35,007</b>	<b>38,767</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	35,371	93,858	2,763	22,435
Borrowings	-	233,049	-	-
Current income tax liabilities	23	1,618	-	-
<b>Total liabilities</b>	<b>35,394</b>	<b>328,525</b>	<b>2,763</b>	<b>22,435</b>
<b>NET ASSETS/ (LIABILITIES)</b>	<b>42,048</b>	<b>(132,696)</b>	<b>32,244</b>	<b>16,332</b>
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital	145,320	145,320	145,320	145,320
Restructuring reserve	-	114,040	-	114,040
Currency translation reserve	9	(109)	-	-
Warrant reserve	-	674	-	674
Accumulated losses	(103,281)	(392,613)	(113,076)	(243,702)
	<b>42,048</b>	<b>(132,688)</b>	<b>32,244</b>	<b>16,332</b>
<b>Non-controlling interests</b>	-	(8)	-	-
<b>TOTAL EQUITY</b>	<b>42,048</b>	<b>(132,696)</b>	<b>32,244</b>	<b>16,332</b>

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

#### Amount repayable within one year

	As at 30 Sep 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	-
	<u>-</u>	<u>-</u>	<u>233,049</u>	<u>-</u>

**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. Shareholders had approved the disposal of the subsidiaries engaged in the manufacturing and production of garments during the EGM held on 18 August 2016. The disposed group has accordingly been deconsolidated for the period ended 30 September 2016.**

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

**The presentation of the cash flow statement (for the Group) is inclusive of both Continuing and Discontinued Operations.**

	Group		Group	
	3Q16	3Q15	9M 2016	9M 2015
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
<b>Cash flows from operating activities</b>				
Total profit/ (loss)	286,447	(4,331)	289,333	(15,869)
Adjustments for:				
-Income tax expense	-	2,277	-	3,576
-Amortisation and depreciation	17	1,552	57	4,912
-Interest expense	-	1,960	-	6,547
-Interest income	(49)	(2,458)	(241)	(2,731)
-Fair value losses on derivative financial instruments	-	(1,851)	-	-
-Gains on disposal of subsidiaries	(284,065)	-	(284,065)	-
-Write back of warrant reserve	(674)	-	(674)	-
-Unrealised currency translation (gains)/losses	70	(4,841)	21	(4,890)
Operating profit/ (losses) before changes in working capital	1,746	(7,692)	4,431	(8,455)
Changes in working capital:				
-Trade and other receivables	(2,515)	(5,831)	(39,982)	(26,821)
-Inventories	82	220	237	17,244
-Other current assets	(207)	(202)	(125)	(1,362)
-Trade and other payables	(1,750)	22,975	31,149	29,245
Cash (used in)/generated from operations	(2,644)	9,470	(4,290)	9,851
Interest received	49	2,459	241	2,731
Income tax paid	13	(6,023)	24	(9,206)
<b>Net cash (used in)/ generated from operating activities</b>	<b>(2,582)</b>	<b>5,906</b>	<b>(4,025)</b>	<b>3,376</b>
<b>Cash flows from investing activities</b>				
Net cash outflow on deconsolidation of a subsidiary	(10,923)	-	(41,240)	-
Additions to property, plant and equipment	-	(73)	-	(161)
Deposit for machinery and equipment	-	-	-	(32)
Proceeds from disposal of property, plant & machinery	-	138	-	138
<b>Net cash (used in)/ generated from investing activities</b>	<b>(10,923)</b>	<b>65</b>	<b>(41,240)</b>	<b>(55)</b>
<b>Cash flows from financing activities</b>				
Proceeds from borrowings	-	20,100	-	59,700
Repayment of borrowings	-	(80,351)	-	(123,885)
Proceeds from rights issues	-	42,133	-	42,133
Interest paid	-	(1,960)	-	(6,547)
Decrease in short-term bank deposits pledged	-	51,917	-	43,654
<b>Net cash generated from financing activities</b>	<b>-</b>	<b>31,839</b>	<b>-</b>	<b>15,055</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>	<b>(13,505)</b>	<b>37,810</b>	<b>(45,265)</b>	<b>18,376</b>
Cash and cash equivalents at beginning of financial period	47,792	782	79,581	20,190
Effects on currency translation on cash and cash equivalents	30	1,182	1	1,208
<b>Cash and cash equivalents at end of financial period</b>	<b>34,317</b>	<b>39,774</b>	<b>34,317</b>	<b>39,774</b>

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**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 :-

	<b>Group</b>		<b>Group</b>	
	<b>3Q16</b>	<b>3Q15</b>	<b>9M 2016</b>	<b>9M 2015</b>
	<b><u>RMB'000</u></b>	<b><u>RMB'000</u></b>	<b><u>RMB'000</u></b>	<b><u>RMB'000</u></b>
Cash and bank balances	<b>34,317</b>	89,499	<b>34,317</b>	89,499
Less: Short-term bank deposits pledged	-	(49,725)	-	(49,725)
	<b><u>34,317</u></b>	<b><u>39,774</u></b>	<b><u>34,317</u></b>	<b><u>39,774</u></b>

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**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		
<b>Group</b>									
At 1 January 2016	145,320	-	114,040	674	(109)	(392,613)	(132,688)	(8)	(132,696)
Exchange Conversion Reserve					118	-	118	-	118
Write back of warrant reserve	-	-	-	(674)	-	674	-	-	-
Gains on Disposal of Subsidiaries	-	-	(114,040)	-	-	284,065	170,025	8	170,033
Total comprehensive profits for the financial period	-	-	-	-		4,593	4,593	-	4,593
At 30 September 2016	145,320	-	-	-	9	(103,281)	42,048	-	42,048
At 1 January 2015	104,766	-	114,040	727	178	(203,731)	15,980	(8)	15,972
Rights Issues	42,133	-	-	-	-	-	42,133	-	42,133
Exchange Conversion Reserve	-	-	-	-	(3,682)	-	(3,682)	-	(3,682)
Total comprehensive loss for the financial period	-	-	-	-	-	(15,869)	(15,869)	-	(15,869)
At 30 September 2015	146,899	-	114,040	727	(3,504)	(219,600)	38,562	(8)	38,554
<b>Company</b>									
At 1 January 2016	145,320	-	114,040	674	-	(243,702)	16,332	-	16,332
Write back of warrant reserve	-	-	-	(674)	-	674	-	-	-
Gains on disposal of subsidiaries	-	-	(114,040)	-	-	134,563	20,523	-	20,523
Total comprehensive loss for the financial period	-	-	-	-	-	(4,611)	(4,611)	-	(4,611)
At 30 September 2016	145,320	-	-	-	-	(113,076)	32,244	-	32,244
At 1 January 2015	104,766	-	114,040	727	-	(187,730)	31,803	-	31,803
Right Issues	42,133	-	-	-	-	-	42,133	-	42,133
Total comprehensive loss for the financial period	-	-	-	-	-	(5,812)	(5,812)	-	(5,812)
At 30 September 2015	146,899	-	114,040	727	-	(193,542)	68,124	-	68,124

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**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

	<b>Group and Company</b>	
	<b>As at 30 September 2016</b>	<b>As at 31 December 2015</b>
	(No. of shares)	
<b>Ordinary shares issued and fully paid</b>		
At 1 January	<b>2,130,000,000</b>	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
At reporting date	<b>2,130,000,000</b>	<b>2,130,000,000</b>

On 14 August 2015 the Company announced the results of rights issue (please refer to announcement dated 14 August 2015 "Renounceable non-underwritten rights issue in the capital of the company – results of rights issue" ) where 1,855,000,000 rights shares were allotted 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.

	<b>Group and Company</b>	
	<b>As at 30 September 2016</b>	<b>As at 31 December 2015</b>
	(No. of warrants outstanding)	
Beginning of financial period/year	<b>118,000,000</b>	30,000,000
Adjustment Warrants arising from the rights issue	-	98,000,000
Exercise of warrants	-	(10,000,000)
Expiry of Warrants	<b>(118,000,000)</b>	-
End of financial period/year	<b>-</b>	<b>118,000,000</b>

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.



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- c) On 6 November 2015, the Subscriber exercised 10,000,000 warrants @0.0176 per warrant and the Company issued 10,000,000 ordinary shares to SAPO for the warrants exercised.

There were no changes 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 December 2015. The remaining outstanding Warrants expired on 18 July 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.**

<b>Group and Company</b>		
	<b>As at 30 September 2016</b>	<b>As at 31 December 2015</b>
<u>Number of issued shares excluding treasury shares</u>		
At 1 January	<b>2,130,000,000</b>	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
At reporting date	<b>2,130,000,000</b>	<b>2,130,000,000</b>

**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 statement 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 2016. 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**

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	<b>Group</b>		<b>Group</b>	
	Third Quarter ended 30 Sept		Nine Months ended 30 Sept	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b><u>RMB Cents</u></b>	<b><u>RMB Cents</u></b>	<b><u>RMB Cents</u></b>	<b><u>RMB Cents</u></b>
<b>Earnings/ (Losses) per Share (Basic)</b>				
- Continuing operations	<b>13.45</b>	<b>(0.40)</b>	<b>13.58</b>	<b>(2.92)</b>
<b>Number of shares</b>				
Weighted average number of issued ordinary shares	<b>2,130,000,000</b>	<b>543,589,744</b>	<b>2,130,000,000</b>	<b>543,589,744</b>

	<b>Group</b>		<b>Group</b>	
	Third Quarter ended 30 Sept		Nine Months ended 30 Sept	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b><u>RMB Cents</u></b>	<b><u>RMB Cents</u></b>	<b><u>RMB Cents</u></b>	<b><u>RMB Cents</u></b>
<b>Earnings/ (Losses) per Share (Diluted)</b>				
- Continuing operations	<b>12.23</b>	<b>(0.37)</b>	<b>13.06</b>	<b>(2.70)</b>
<b>Number of shares</b>				
Weighted average number of issued ordinary shares	<b>2,342,913,043</b>	<b>588,307,692</b>	<b>2,216,014,652</b>	<b>588,307,692</b>

Basic earnings per share is computed by dividing the earnings 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 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**

	<b>Group</b>		<b>Company</b>	
	As at	As at	As at	As at
	30 Sept 2016	31 Dec 2015	30 Sept 2016	31 Dec 2015
	<b><u>RMB Cents</u></b>	<b><u>RMB Cents</u></b>	<b><u>RMB Cents</u></b>	<b><u>RMB Cents</u></b>
Net assets value per ordinary share	<b>1.97</b>	<b>(6.23)</b>	<b>1.51</b>	<b>0.77</b>
Number of issued ordinary shares as at end of the financial period/year	<b>2,130,000,000</b>	<b>2,130,000,000</b>	<b>2,130,000,000</b>	<b>2,130,000,000</b>

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.**

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## Commentary on Financial Results

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 ceased manufacturing 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. The Company has received in principle approval from Singapore Exchange for the disposal of the subsidiaries related to the manufacturing segment of the Group's business and the shareholders had at an extraordinary general meeting held on 18 August 2016 approved the disposal of the manufacturing subsidiaries ("Disposed group"). The group has deconsolidated the Disposed group in the third quarter 2016 financial reporting.

### Revenue

For the three months of 3Q16 ("3Q16"), the Group revenue increased by RMB37.70 million, from RMB0.07 million in 3Q15 ("3Q15") to RMB37.77 million in 3Q16. The Group revenue for the 9 months ended 30 September 2016 ("9M 2016") increased by RMB75.14 million, from RMB0.87 million for the 9 months ended 30 September 2015 ("9M 2015"). This was mainly due to the intensification of the group's trading business and commencement of its corporate advisory business with revenue of RMB2.4 million in 9M 2016.

Trading revenue rose to RMB37.77 million due to seasonability. In 3Q16 we had delivered and sold a larger volume of goods for the holiday seasons.

Our Corporate Advisory business is new. There was no revenue registered for this segment in 3Q16 due to the recognition and timing differences as revenue arising from signed contracts are not recognised until completion.

	Revenue			Revenue		
	3Q16	3Q15	% Change + / (-)	9M 2016	9M 2015	% Change + / (-)
	RMB'000	RMB'000		RMB'000	RMB'000	
Trading	37,767	67	n.m.	73,615	874	n.m.
Corporate Advisory	-	-	n.m.	2,400	-	n.m.
<b>Total</b>	<b>37,767</b>	<b>67</b>	<b>n.m.</b>	<b>76,015</b>	<b>874</b>	<b>n.m.</b>

### Revenue analysed by the geographical areas is as follows:

	Revenue			Revenue		
	3Q16	3Q15	%Change + / (-)	9M 2016	9M 2015	%Change + / (-)
	RMB'000	RMB'000		RMB'000	RMB'00	
Asia	14,173	67	n.m.	39,011	874	n.m.
Europe	-	-	n.m.	5,588	-	n.m.
America	23,594	-	n.m.	27,919	-	n.m.
Other	-	-	n.m.	3,497	-	n.m.
<b>Total</b>	<b>37,767</b>	<b>67</b>	<b>n.m.</b>	<b>76,015</b>	<b>874</b>	<b>n.m.</b>

A gain of RMB284.07 million was recorded in 3Q16 and 9M 2016 respectively for the disposal of the Disposed group.

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The SAPO unlisted and non-transferable warrants had expired on 18 July 2016 and the warrant reserves of RMB0.67 million has been written back.

### **Interest Income**

The Group interest income of RMB0.05 million and RMB0.24 million for 3Q2016 and 9M 2016 was related to interest from fixed deposit.

### **Purchase of Trading Goods**

The goods purchased for trading had increased by RMB33.54 million in 3Q16, from RMB0.05 million in 3Q15 to RMB33.59 million in 3Q16. For the 9M 2016, there was an increase of RMB65.17 million, from RMB1.28 million in 9M 2015 to RMB66.45 million in 9M 2016.

### **Administrative Expenses and Other Operating Expenses**

Administrative expenses decreased by RMB0.68 million, from RMB2.88 million in 3Q15 to RMB2.18 million in 3Q16. For 9M 2016, administrative expenses decreased by RMB0.10 million, from RMB5.69 million in 9M 2015 to RMB5.60 million in 9M 2016. The decline was due to the absence of FY2015 Rights Issue expenses and despite higher administration and operating cost arising from rental in head office and a staff renewal program which includes bringing on board better and more qualified staff since 9M 2015.

Other operating expenses of RMB0.27 million in 3Q16 and gain of RMB0.54 million for 9M 2016, was primarily due to foreign exchange losses and gains. The trading business includes US\$ denominated sales and receipts as opposed to RMB denominated trade sales and receipts in last year same period.

Consequent to the above, the Group recorded a profit before tax of RMB289.33 million in 9M 2016 and RMB286.45 million in 3Q 2016 as compared to losses of RMB6.18 million and RMB2.98 million in 9M 2015 and 3Q15 respectively.

### **Commentary on Financial Position**

The EGM held on 18 August 2016 approved the disposal of the Disposed group. As a consequence, therefore Disposed group has been deconsolidated from the Group for the financial period ended 30 September 2016. The effective date of the deconsolidation is 1 January 2016.

### **Non current assets**

Non-current assets decreased by RMB52.84 million from RMB53.15 million as at 31 December 2015 to RMB0.32 million as at 30 September 2016 mainly due to the deconsolidation of the Disposed group.

### **Current Assets**

The Group's current assets decrease by RMB65.55 million from RMB142.67 million as of 31 December 2015 to RMB77.13 million as of 30 September 2016 mainly due to the deconsolidation of the Disposed group. The Group's current assets had increased by RMB35.84 million for 9 months ended 30 September 2016 mainly due to the increased of trade receivables for the operations.

Cash and cash equivalents decreased by RMB45.26 million from RMB79.58 million as at 31 December 2015 to RMB34.32 as of 30 September 2016 mainly due to those cash balances of the Disposed group being deconsolidated.

Trade and other receivables decreased by RMB7.73 million from RMB50.01 million as at 31 December 2015 to RMB42.28 million as at 30 September 2016. The decrease was mainly due to the deconsolidation of the Disposed group.

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Inventories decreased by RMB10.94 million from RMB10.95 million as at 31 December 2015 to RMB0.005 million as at 30 September 2016. The decrease was mainly due to the deconsolidation of the Disposed group and the trading business phasing out inventory holding and arranging direct shipment from suppliers to customers.

### **Current Liabilities**

Current liabilities decreased by RMB293.13 million from RMB328.53 million as at 31 December 2015 to RMB35.39 million as at 30 September 2016. The decrease was mainly due to the deconsolidation of the Disposed group.

The bank borrowings of approximately RMB233.05 million as at 31 December 2015 has been reduced to NIL as at 30 September 2016. These borrowings were related to the Disposed group and had been deconsolidated accordingly.

Trade and other payables decreased by RMB58.49 million from RMB93.89 million as at 31 December 2015 to RMB35.37 million as at 30 September 2016, mainly due to the deconsolidation of the Disposed group.

### **Commentary on financial cash flow**

The Group incurred net cash used in operating activities of RMB2.58 million in 3Q16 and RMB4.03 million for 9M 2016. This was mainly due to reduction in inventories and offset from trade and other receivables and trade and other payables and operating profits for 3Q16 and 9M 2016 respectively.

Net cash used in investing activities was RMB10.92 million and RMB41.25 million in 3Q16 and 9M 2016 respectively. This was mainly due to the cash that was deconsolidated from the Disposed group.

Cash and cash equivalents decreased by RMB13.51 million and RMB45.27 million for 3Q16 and 9M 2016 respectively. The reduction was mainly related to the cash disposed from the deconsolidation of the Disposed group.

**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 variance between the prospect commentary given in our previous results announcement 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 Group's strategy remains focused on the trading of higher margin products for the rest of 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 modest domestic trading business.

The Group has commenced the business of providing strategic planning, corporate advisory, financial restructuring advisory and management consulting services ("New Business"). This New Business comprised mainly of referral fees and has generated a recognized revenue of RMB2.4 million. .

Barring unforeseen circumstances, the Board expects the Group to be profitable for the 12 months ending 31 December 2016.

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

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### **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 Third Quarter Results of the Group for the financial period ended 30 September 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 November 2016