

# FORISE INTERNATIONAL LIMITED

## UNAUDITED RESULT For the Period Ended 30 June 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		
	2Q16	2Q15	%Change	1H2016	1H2015	%Change
	RMB'000	RMB'000	+ / (-)	RMB'000	RMB'000	+ / (-)
<b>Continuing Operations</b>						
<b>Revenue</b>	23,773	213	n.m.	38,248	808	n.m.
<b>Cost of sales</b>	(21,014)	(210)	n.m.	(32,858)	(1,227)	n.m.
<b>Gross profit</b>	2,759	3	n.m.	5,390	(419)	n.m.
Other gains/(loss)	83	54	53.70%	198	53	n.m.
Expenses						
-Selling and distribution	(55)	(5)	n.m.	(103)	(10)	n.m.
-Administrative	(1,715)	(2,000)	-14.25%	(3,409)	(2,827)	20.59%
-Other operating expenses	358	-	n.m.	811	-	n.m.
-Finance	-	-	-	(2)	-	n.m.
<b>Profit/(loss) before income tax</b>	1,430	(1,948)	n.m.	2,885	(3,203)	n.m.
Income tax expenses	-	-	-	-	-	n.m.
<b>Net Profit/(loss)</b>	1,430	(1,948)	n.m.	2,885	(3,203)	n.m.
<b>Discontinued Operations</b>						
(Loss) from discontinued operation, net of tax	(4,744)	(3,692)	28.49%	(7,335)	(8,312)	-11.75%
<b>Total Comprehensive (Loss) representing net (loss)</b>	(3,314)	(5,640)	-41.24%	(4,450)	(11,515)	-61.35%
<b>Total comprehensive profit/(loss)</b>	(3,314)	(5,640)	-41.24%	(4,450)	(11,515)	-61.35%
<b>(Loss) attributable to</b>						
-Equity holders of the Company	(3,314)	(5,640)	-41.24%	(4,450)	(11,515)	-61.35%
-Non-controlling interests	-	-	-	-	-	-
	(3,314)	(5,640)	-41.24%	(4,450)	(11,515)	-61.35%
<b>Total comprehensive (loss) attributable to</b>						
-Equity holders of the Company	(3,314)	(5,640)	-41.24%	(4,450)	(11,515)	-61.35%
-Non-controlling interests	-	-	-	-	-	n.m.
	(3,314)	(5,640)	-41.24%	(4,450)	(11,515)	-61.35%

The Discontinued Operations (comprising largely of the Group's contract manufacturing segment intended to be disposed) made losses primarily due to business conditions and their level of business achieved. However, until shareholders approve of the disposal in the forthcoming EGM to be held on 18 August 2016, the financial result of such activities is required to be reflected in Comprehensive Loss. In the event that shareholders approve the disposal in the forthcoming EGM, the discontinued operations will be deconsolidated with an effective date of 1 January 2016.

## FORISE INTERNATIONAL LIMITED

**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		
	2Q16 RMB'000	2Q15 RMB'000	%Change + / (-)	1H 2016 RMB'000	1H 2015 RMB'000	%Change + / (-)
<u>(Expense)/Income</u>						
Depreciation of property, plant and equipment	(19)	(4)	n.m.	(40)	(17)	n.m.
Amortisation of intangible assets	-	-	-	-	-	-
Interest income	79	-	n.m.	192	-	n.m.
Interest expense	-	-	-	-	-	-
Foreign exchange gains/(losses), net	358	-	n.m.	811	-	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 30 Jun 2016 RMB'000	As at 31 Dec 2015 RMB'000	As at 30 Jun 2016 RMB'000	As at 31 Dec 2015 RMB'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	36,869	79,581	36,774	38,244
Trade and other receivables	39,766	50,007	-	-
Inventories	86	10,949	-	-
Other current assets	319	1,699	490	401
Derivative financial assets	-	439	-	-
	77,040	142,675	37,264	38,645
<b>Asset of disposal group classified as held for sale</b>	209,354	-	-	-
	286,394	142,675	37,264	38,645
<b>Non-current assets</b>				
Investment in subsidiaries	-	-	923	-
Property, plant and equipment	332	37,721	71	122
Intangible assets	-	15,433	-	-
	332	53,154	994	122
<b>Total assets</b>	286,726	195,829	38,258	38,767
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	37,121	93,858	24,106	22,435
Borrowings	-	233,049	-	-
Current income tax liabilities	11	1,618	-	-
	37,132	328,525	24,106	22,435
<b>Liabilities directly associated with disposal group classified as held for sale</b>	386,992	-	-	-
<b>Total liabilities</b>	424,124	328,525	24,106	22,435
<b>NET (LIABILITIES)/ ASSETS</b>	(137,398)	(132,696)	14,152	16,332
<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	114,040	114,040
Currency translation reserve	(361)	(109)	-	-
Warrant reserve	674	674	674	674
Accumulated losses	(397,063)	(392,613)	(245,882)	(243,702)
	(137,390)	(132,688)	14,152	16,332
<b>Non-controlling interests</b>	(8)	(8)	-	-
<b>Total equity</b>	(137,398)	(132,696)	14,152	16,332

## FORISE INTERNATIONAL LIMITED

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

#### Amount repayable within one year

	As at 30 Jun 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, pursuant to which bank borrowings and debt securities as at 30 June 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 subsidiaries.
- Trade receivables factoring of the Group are secured by certain trade receivables and joint and several guarantees from a shareholder and its related parties.

# FORISE INTERNATIONAL LIMITED

**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.**

	<b>Group</b>		<b>Group</b>	
	<b>2Q16</b>	<b>2Q15</b>	<b>1H 2016</b>	<b>1H 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>
<b>Cash flows from operating activities</b>				
Total loss	(3,314)	(5,640)	(4,450)	(11,538)
Adjustments for:				
-Income tax expense	-	552	-	1,299
-Amortisation and depreciation	505	1,663	1128	3,360
-Interest expense	3,166	2,245	5,132	4,587
-Interest income	(177)	(157)	(417)	(273)
-Fair value losses on derivative financial instruments	-	847	-	1,851
-Unrealised currency translation (gains)/losses	(306)	(99)	(251)	(49)
Operating profit/( losses) before changes in working capital	(126)	(589)	1,142	(763)
Changes in working capital:				
-Trade and other receivables	(105,715)	50,095	(148,551)	86,471
-Inventories	8,649	3,221	25,790	17,024
-Other current assets	156	(19)	(1,052)	(1,160)
-Trade and other payables	89,117	11,730	128,121	6,270
Cash (used in)/generated from operations	(7,919)	64,438	5,450	107,842
Interest received	177	156	417	272
Income tax paid	(8,644)	(2,455)	(2,365)	(3,183)
<b>Net cash generated/(used in) from operating activities</b>	<b>(16,386)</b>	<b>62,139</b>	<b>3,502</b>	<b>104,932</b>
<b>Cash flows from investing activities</b>				
Net cash outflow on deconsolidation of a subsidiary				
Additions to property, plant and equipment	-	(84)	-	(88)
Deposit for machinery and equipment	-	47	-	(32)
Proceeds from disposal of property, plant & machinery	-	-	-	-
<b>Net cash generated from/(used in) investing activities</b>	<b>-</b>	<b>(37)</b>	<b>-</b>	<b>(120)</b>
<b>Cash flows from financing activities</b>				
Proceeds from borrowings	90,177	88,004	204,204	199,850
Repayment of borrowings	(95,373)	(145,607)	(234,362)	(311,245)
Interest paid	(3,166)	(2,245)	(5,132)	(4,587)
Decrease/(increase) in short-term bank deposits pledged	-	(12,139)	-	(8,263)
<b>Net cash generated from/(used in) financing activities</b>	<b>(8,362)</b>	<b>(71,987)</b>	<b>(35,290)</b>	<b>(124,245)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(24,748)</b>	<b>(9,885)</b>	<b>(31,788)</b>	<b>(19,434)</b>
Cash and cash equivalents at beginning of financial period	72,539	10,577	79,581	20,190
Effects on currency translation on cash and cash equivalents	1	90	(1)	26
<b>Cash and cash equivalents at end of financial period</b>	<b>47,792</b>	<b>782</b>	<b>47,792</b>	<b>782</b>

## FORISE INTERNATIONAL LIMITED

**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>2Q16</b>	<b>2Q15</b>	<b>1H 2016</b>	<b>1H 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	47,792	102,423	47,792	102,423
Less : Cash in Disposed Group	(10,923)		(10,923)	
Less: Short-term bank deposits pledged	-	(101,641)	-	(101,641)
	<b>36,869</b>	<b>782</b>	<b>36,869</b>	<b>782</b>

# FORISE INTERNATIONAL LIMITED

**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 Converse Reserve	-	-	-	-					
Total comprehensive profits/(loss) for the financial period	-	-	-	-	(252)	(4,450)	(4,702)	-	(4,702)
At 30 June 2016	145,320	-	114,040	674	(361)	(397,063)	(137,390)	(8)	(137,398)
At 1 January 2015	104,766	-	114,040	727	178	(203,731)	15,980	(8)	15,972
Total comprehensive loss for the financial period	-	-	-	-	(23)	(11,515)	(11,538)	-	(11,538)
At 31 June 2015	104,766	-	114,040	727	155	(215,246)	4,442	(8)	4,434
<b>Company</b>									
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
At 1 January 2015	104,766	-	114,040	727	-	(187,730)	31,803	-	31,803
Total comprehensive profits for the financial period	-	-	-	-	-	28,490	28,490	-	28,490
At 30 June 2015	104,766	-	114,040	727	-	(159,240)	60,293	-	60,293

## FORISE INTERNATIONAL LIMITED

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

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 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.

	Group and Company	
	As at 30 June 2016 (No. of warrants outstanding)	As at 31 December 2015
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	<u>118,000,000</u>	<u>118,000,000</u>

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) 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.



## FORISE INTERNATIONAL LIMITED

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 June 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><u>2,130,000,000</u></b>	<b><u>2,130,000,000</u></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**

## FORISE INTERNATIONAL LIMITED

	Group		Group	
	Second Quarter ended 30 June		Half Year ended 30 June	
	2016	2015	2016	2015
	<u>RMB Cents</u>	<u>RMB Cents</u>	<u>RMB Cents</u>	<u>RMB Cents</u>
<b>(Losses)/earnings per Share (Basic)</b>				
- Continuing operations	0.07	(0.74)	0.14	(1.21)
- Discontinued operations	(0.22)	(1.39)	(0.34)	(3.14)
<b>Number of shares</b>				
Weighted average number of issued ordinary shares	2,130,000,000	265,000,000	2,130,000,000	265,000,000

	Group		Group	
	Second Quarter ended 30 June		Half Year ended 30 June	
	2016	2015	2016	2015
	<u>RMB Cents</u>	<u>RMB Cents</u>	<u>RMB Cents</u>	<u>RMB Cents</u>
<b>(Losses)/earnings per Share (Diluted)</b>				
- Continuing operations	0.06	(0.66)	0.13	(1.09)
- Discontinued operations	(0.21)	(1.25)	(0.33)	(2.82)
<b>Number of shares</b>				
Weighted average number of issued ordinary shares	2,248,000,000	295,000,000	2,248,000,000	295,000,000

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	As at	As at	As at
	30 Jun 2016	31 Dec 2015	30 Jun 2016	31 Dec 2015
	<u>RMB Cents</u>	<u>RMB Cents</u>	<u>RMB Cents</u>	<u>RMB Cents</u>
Net assets value per ordinary share	(6.45)	(6.23)	0.66	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.**

# FORISE INTERNATIONAL LIMITED

## Commentary on Financial Results

	Continuing operations			Continuing operations		
	2Q16 RMB'000	2Q15 RMB'000	%Change + / (-)	1H 2016 RMB'000	1H 2015 RMB'000	%Change + / (-)
<b>Revenue</b>	<b>23,773</b>	213	n.m.	<b>38,248</b>	808	n.m.
<b>Cost of sales</b>	<b>(21,014)</b>	(210)	n.m.	<b>(32,858)</b>	(1,227)	n.m.
<b>Gross profit/(loss)</b>	<b>2,759</b>	3	n.m.	<b>5,390</b>	(419)	n.m.
Other gains/(loss)	83	54	53.7%	198	53	n.m.
Expenses						
-Selling and distribution	(55)	(5)	n.m.	(103)	(10)	n.m.
-Administrative	(1,715)	(2,000)	14.3%	(3,409)	(2,827)	20.6%
-Other operating expenses	358	-	n.m.	811	-	n.m.
-Finance	-	-	-	(2)	-	n.m.
<b>Profit/(loss) before income tax</b>	<b>1,430</b>	(1,948)	n.m.	<b>2,885</b>	(3,203)	n.m.
Income tax expenses	-	-	-	-	-	n.m.
<b>Net profit/( loss)</b>	<b>1,430</b>	(1,948)	n.m.	<b>2,885</b>	(3,203)	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 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. Consequently, this group of subsidiaries has been reclassified as an 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. 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 will be seeking shareholders' approval at an extraordinary general meeting to be held on 18 August 2016.

In the second quarter ended 30 June 2016 ("2Q16"), the Group revenue increased by RMB23.56 million, from RMB0.21 million in the second quarter ended 30 June 2015 ("2Q15") to RMB23.77 million in 2Q16. The revenue for the half year ended 30 June 2016 ("1H 2016") increased by RMB37.44 million, from RMB0.81 million for the half year ended 30 June 2015 ("1H 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 1H 2016.

## Revenue

	Revenue			Revenue		
	2Q16 RMB'000	2Q15 RMB'000	% Change + / (-)	1H 2016 RMB'000	1H 2015 RMB'000	% Change + / (-)
Trading	23,173	213	n.m.	35,848	808	n.m.
Corporate Advisory	600	-	n.m.	2,400	-	n.m.
<b>Total</b>	<b>23,773</b>	<b>213</b>	<b>n.m.</b>	<b>38,248</b>	<b>808</b>	<b>n.m.</b>

## FORISE INTERNATIONAL LIMITED

Revenue analysed by the geographical areas is as follows:

	Revenue			Revenue		
	2Q16 RMB'000	2Q15 RMB'000	%Change + / (-)	1H 2016 RMB'000	1H 2015 RMB'00	%Change + / (-)
Asia	12,992	213	n.m.	22,095	808	n.m.
Europe	5,588	-	n.m.	7,463	-	n.m.
America	1,696	-	n.m.	5,193	-	n.m.
Other	3,497	-	n.m.	3,497	-	n.m.
Total	<u>23,773</u>	<u>213</u>	n.m.	<u>38,248</u>	<u>808</u>	n.m.

Gross profit for 2Q16 increased by RMB2.76 million as compared to 2Q15. For 1H 2016, gross profit was up by RMB5.8 million, from a gross loss of RMB0.42 million in 1H 2015. This was a result of the shift in the Group's focus to trading of product mix with better profit margin and the provision of corporate advisory services.

### Other gains/(loss)

Other gains of approximately RMB0.08 million in 2Q16 and RMB0.20 million for 1H 2016 were mainly related to interest income from the fixed deposits.

### Administrative Expenses and Other Operating Expenses

Administrative expenses decreased by RMB0.29 million, from RMB2.0 million in 2Q15 to RMB1.72 million in 2Q16. For 1H 2016, administrative expenses increased by RMB0.58 million, from RMB2.83 million in 1H 2015 to RMB3.41 million in 1H 2016, mainly due to 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.

Other operating expenses recorded a gain of RMB0.36 million in 2Q16 and RMB0.81 million for 1H 2016, arising from foreign exchange 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's continuing operations recorded a profit before tax of RMB2.89 million in 1H 2016 and RMB1.43 million in 2Q 2016 as compared to losses of RMB3.21 million and RMB1.95 million in 1H 2015 and 2Q15 respectively.

### Commentary on Financial Position

As announced on 6 April 2016, the Company 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 disposal group under "Asset of disposal group" and "Liabilities of disposal group".

### Non current assets

Non-current assets decreased by RMB52.82 million from RMB53.15 million as at 31 December 2015 to RMB0.33 million as at 30 June 2016 mainly due to the reclassifications of the non-current assets of the disposal group to "Asset of disposal group".

### Current Assets

Current assets increased by RMB143.72 million from RMB142.67 million as of 31 December 2015 to RMB286.39 million as of 30 June 2016 mainly due to the reclassifications of those current assets of the disposal group (net) to "assets of disposal group" of RMB209.35 million and RMB65.63 million was increase in working capital.

Cash and cash equivalents decreased by RMB42.71 million from RMB79.58 million as at 31 December 2015 to RMB36.87 as of 30 June 2016 mainly due to those cash balances of the to-be disposed subsidiaries being reclassified to "Asset of disposal group".

## FORISE INTERNATIONAL LIMITED

Trade and other receivables decreased by RMB10.24 million from RMB50.01 million as at 31 December 2015 to RMB39.77 million as at 30 June 2016. The decrease was mainly due to the reclassifications of these balances to “Asset of disposal group” of RMB48.78 million and increase of receivables of RMB38.53 in the trade receivables of the continuing operations.

Inventories decreased by RMB10.86 million from RMB10.95 million as at 31 December 2015 to RMB0.09 million as at 30 June 2016. The decrease was mainly due to reclassifications to “Asset of disposal group” and the trading business phasing out inventory holding and arranging direct shipment from suppliers to customers.

### **Current Liabilities**

Current Liabilities decreased by RMB291.39 million from RMB328.53 million as at 31 December 2015 to RMB37.13 million as at 30 June 2016. The decrease was mainly due to the reclassifications of current liabilities balances of the disposed group (net) to “Liabilities of disposal group” of RMB386.99 million and increase of working capital of RMB95.60 million.

The bank borrowings of approximately RMB233.05 million as at 31 December 2015 has been reduced to NIL as at 30 June 2016. These borrowings were related to the disposed group and had been reclassified to “Liabilities of disposal group” accordingly.

Trade and other payables decreased by RMB 56.76 million from RMB93.89 million as at 31 December 2015 to RMB37.13 million as at 30 June 2016, of which RMB89.53 million was reclassified to “Liabilities of disposal group” and increase of RMB32.77 million for the trading group.

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

The Group incurred net cash used in operating activities of RMB16.39 million in 2Q16, as for 1H 2016 the group generated net cash of RMB3.50 million. This was mainly due to reduction in inventories and offset from trade and other receivables and trade and other payables for 2Q16.

Net cash used in financing activities was RMB8.36 million and RMB35.29 million in 2Q16 and 1H 2016 respectively. This was mainly due to net payments of bank borrowings amounting to RMB5.20 million and RMB30.16 million for 2Q16 and 1H 2016 respectively.

Cash and cash equivalents decreased by RMB24.75 million and RMB31.79 million for 2Q16 and 1H 2016 respectively, due mainly to working capital movements and repayment of bank borrowings.

**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 is now focused on trading of higher margin products and expects to continue this strategy 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.

To broaden the Group’s revenue stream and pursue business opportunities with good prospects for long-term growth, the Group had on 23 June 2016 obtained Shareholders’ approval to diversify into and commence the business of providing strategic planning, corporate advisory, financial restructuring advisory and management consulting services (“New Business”). The Board is pleased to note that this New Business had generated a revenue of RMB2.4 million as of 1H 2016.

## FORISE INTERNATIONAL LIMITED

Barring unforeseen circumstances, the combined contribution from both the trading and the New Business in the next 12 months is expected to set the Group on the path towards meeting the requirements for exiting the financial watchlist.

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  
8 August 2016