

FULL APEX (HOLDINGS) LIMITED

(Incorporated in Bermuda)

FIRST QUARTER FINANCIAL STATEMENT ANNOUNCEMENT FOR THE PERIOD ENDED 31 MARCH 2016

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

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		+ / (-) %
	1Q2016 RMB'000	1Q2015 RMB'000	
Revenue (Note 1)	264,309	251,859	4.9%
Cost of sales	(251,330)	(220,381)	14.0%
GROSS PROFIT	12,979	31,478	(58.8)
Other income and gains	311	614	(49.3)
Selling and distribution costs	(3,263)	(3,557)	(8.3)
Administrative expenses	(9,557)	(10,687)	(10.6)
Other operating expenses (Note 2)	-	(6,921)	(100.0)
Finance costs (Note 3)	(6,707)	(7,393)	(9.3)
(LOSS)/PROFIT BEFORE INCOME TAX	(6,237)	3,534	NM
Income tax expense	(725)	(1,262)	(42.6)
(LOSS)/PROFIT FOR THE PERIOD	(6,962)	2,272	NM
(Loss)/Profit for the period attributable to: Owners of the Company	(6,962)	2,272	NM
	(6,962)	2,272	NM

1(a)(ii) Statement of Comprehensive income

	Group		+ / (-) %
	1Q2016 RMB'000	1Q2015 RMB'000	
(Loss)/Profit for the period	(6,962)	2,272	NM
Other comprehensive income for the period:			
Exchange losses on translation of financial statements of foreign operations, net of tax amounting to RMB Nil	(48)	-	N/A
Total comprehensive income for the period	(7,010)	2,272	NM
Total comprehensive income for the period attributable to: Owners of the Company	(7,010)	2,272	NM
	(7,010)	2,272	NM

NM = not meaningful

1(a)(iii) The accompanying notes to the financial statements form an integral part of the financial statements

	Group		
	1Q2016 RMB'000	1Q2015 RMB'000	+/(-%
Interest income	36	383	(90.6)
Net foreign exchange gains/(losses)	11	(368)	(103.0)
Fair value gains on financial assets at fair value through profit or loss	5	3	66.7
Sale of scrap products	259	596	(56.5)
Other income and gains	311	614	(49.3)
Fair value losses on derivative financial instruments (Note 2)	-	6,921	(100.0)
Other operating expenses	-	6,921	(100.0)
Interest expenses (Note 3)	6,707	7,393	(9.3)
Depreciation and amortisation	18,827	24,249	(22.4)

NM = not meaningful

A. Notes

1. The increase in revenue was due mainly to an increase in sales from the polyethylene terephthalate ("PET") resin business resulting from increase in sales volume. With the closing down of the Group's PET bottle plants in Shenzhen and Tianjin in 4Q2015, sales contribution from PET bottles business decreased significantly by 63% in 1Q2016 as compared to 1Q2015.
2. Other operating expenses represent the fair value losses incurred in commodity future contracts taken to hedge principal raw material requirements of the Group against confirmed orders received during the period. The Group did not hold any commodity future contracts in the current period.
3. The decrease in finance costs was due mainly to lower effective interest rate.

- B.
 - i. There was no material investment income during the period.
 - ii. There were no write-off for bad debts and stock obsolescence and no impairment in value of investments.
 - iii. There was no material disposals of property, plant and equipment during the period.
 - iv. There were no exceptional items and extraordinary items during the period.

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	31 Mar 2016 RMB'000	31 Dec 2015 RMB'000	31 Mar 2016 RMB'000	31 Dec 2015 RMB'000
ASSETS AND LIABILITIES				
NON-CURRENT ASSETS				
Property, plant and equipment	783,910	802,119	-	-
Prepaid land lease payments	84,786	85,492	-	-
Interests in subsidiaries	-	-	153,021	153,021
Deferred tax assets	1,067	1,067	-	-
Prepayments	5,107	5,150	-	-
	<u>874,870</u>	<u>893,828</u>	<u>153,021</u>	<u>153,021</u>
CURRENT ASSETS				
Inventories	419,594	326,887	-	-
Trade and bills receivables	352,288	387,729	-	-
Deposits, prepayments and other receivables	146,902	149,993	86	115
Financial assets at fair value through profit or loss	31	26	-	-
Amounts due from subsidiaries	-	-	470,707	471,137
Amounts due from brokers (Note 1)	24	24	-	-
Cash and bank balances	44,607	65,766	32	32
	<u>963,446</u>	<u>930,425</u>	<u>470,825</u>	<u>471,284</u>
CURRENT LIABILITIES				
Trade and bills payables	76,605	116,720	-	-
Accruals, deposits received and other payables	13,041	19,862	1,177	1,260
Interest-bearing borrowings	604,591	536,582	-	-
Current tax liabilities	10,529	10,529	-	-
	<u>704,766</u>	<u>683,693</u>	<u>1,177</u>	<u>1,260</u>
NET CURRENT ASSETS	<u>258,680</u>	<u>246,732</u>	<u>469,648</u>	<u>470,024</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>1,133,550</u>	<u>1,140,560</u>	<u>622,669</u>	<u>623,045</u>
NET ASSETS	<u>1,133,550</u>	<u>1,140,560</u>	<u>622,669</u>	<u>623,045</u>
EQUITY				
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE COMPANY				
Share capital	184,319	184,319	184,319	184,319
Treasury shares	(5,007)	(5,007)	(5,007)	(5,007)
Reserves	954,238	961,248	443,357	443,733
TOTAL EQUITY	<u>1,133,550</u>	<u>1,140,560</u>	<u>622,669</u>	<u>623,045</u>

Note

1. Amounts due from brokers represent deposits in the commodity brokers' trust account relating to the commodity future contracts.

1(b)(ii) Aggregate amount of group's borrowings and debt securities.**Amount repayable in one year or less, or on demand**

As at 31/3/2016		As at 31/12/2015	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
604,591	-	536,582	-

Amount repayable after one year

As at 31/3/2016		As at 31/12/2015	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
-	-	-	-

Details of any collateral

The Group's bank loans bear interest ranging from 2% to 8% per annum. As at 31 March 2016, the Group's secured borrowings was supported by pledge of certain prepaid land lease payments (i.e. leasehold land) and buildings of the Group, and/or cross-guarantees executed by the Company and/or certain subsidiaries of the Company.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	1Q2016 RMB'000	1Q2015 RMB'000
Cash flows from operating activities		
(Loss)/profit before income tax	(6,237)	3,534
Adjustments for:		
Interest income	(36)	(383)
Fair value gains on financial assets at fair value through profit or loss	(5)	(3)
Interest expenses	6,707	7,393
Amortisation of prepaid land lease payments	706	706
Depreciation	18,121	23,543
Fair value losses on derivative financial instruments	-	6,921
Net foreign exchange gains arising from translation of borrowings	111	-
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Operating profit before working capital changes	19,367	41,711
Increase in inventories	(92,707)	(52,474)
Decrease in trade and bills receivables	35,441	54,386
Decrease in deposits, prepayments and other receivables	3,134	7,812
(Decrease)/increase in trade and bills payables	(40,115)	98,824
(Decrease)/increase in accruals, deposits received and other payables	(7,095)	9,676
	<hr/>	<hr/>
Cash (used in)/generated from operations	(81,975)	159,935
Income tax paid	(725)	(584)
	<hr/>	<hr/>
Net cash (used in)/generated from operating activities	(82,700)	159,351
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Cash flows from investing activities		
Purchases of property, plant and equipment	(23)	(171)
Bank interest received	36	383
Decrease in margin deposits placed with brokers	-	18,436
Settlement of derivative financial instruments	-	(17,602)
	<hr/>	<hr/>
Net cash generated from investing activities	13	1,046
	<hr/>	<hr/>
Cash flows from financing activities		
Increase in pledged bank deposits	(4,972)	(13,156)
Proceeds from interest-bearing borrowings	190,015	136,920
Repayments of interest-bearing borrowings	(122,352)	(285,486)
Interest paid	(6,087)	(8,650)
	<hr/>	<hr/>
Net cash generated from/(used in) financing activities	56,604	(170,372)
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(26,083)	(9,975)
Cash and cash equivalents at 1 January	40,007	56,186
Effect of foreign exchange rate changes, net	(48)	-
Cash and cash equivalents at 31 March	<hr/>	<hr/>
	13,876	46,211
	<hr/>	<hr/>
Analysis of balances of cash and cash equivalents		
Amounts due from brokers	24	30
Cash on and bank balances	44,607	67,949
Less: restricted deposits (Note 1)	(30,755)	(21,768)
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	13,876	46,211
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Note

1. Restricted deposits refer to amounts placed with the Group's PRC banks for issue of bank acceptance bills to the Group's suppliers.

1(d)(i) A statement (for the issuer and 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 year.

The Group	Equity attributable to the owners of the Company								
	Share capital RMB'000	Treasury shares RMB'000	Share premium RMB'000	Capital reserves RMB'000	Statutory reserves RMB'000	Foreign translation reserves RMB'000	Retained profits RMB'000	Total RMB'000	Total equity RMB'000
At 1 Jan 2015	184,319	(5,007)	318,742	1,492	106,841	(1,880)	801,327	1,405,834	1,405,834
Profit for the period, representing total comprehensive income for the period	-	-	-	-	-	-	2,272	2,272	2,272
Transfer to statutory reserves	-	-	-	-	380	-	(380)	-	-
At 31 Mar 2015	184,319	(5,007)	318,742	1,492	107,221	(1,880)	803,219	1,408,106	1,408,106
At 1 Jan 2016	184,319	(5,007)	318,742	1,492	108,511	(325)	532,828	1,140,560	1,140,560
Loss for the period	-	-	-	-	-	-	(6,962)	(6,962)	(6,962)
Exchange losses on translation of financial statements of foreign operations, net of tax amounting to RMB Nil	-	-	-	-	-	(48)	-	(48)	(48)
Total comprehensive income for the period	-	-	-	-	-	(48)	(6,962)	(7,010)	(7,010)
Transfer to statutory reserves	-	-	-	-	230	-	(230)	-	-
At 31 Mar 2016	184,319	(5,007)	318,742	1,492	108,741	(373)	525,636	1,133,550	1,133,550

The Company	Share capital RMB'000	Treasury shares RMB'000	Share premium RMB'000	Retained profits RMB'000	Total equity RMB'000
At 1 Jan 2015	184,319	(5,007)	318,742	125,485	623,539
Loss for the period, representing total comprehensive income for the period	-	-	-	(152)	(152)
At 31 Mar 2015	184,319	(5,007)	318,742	125,333	623,387
At 1 Jan 2016	184,319	(5,007)	318,742	124,991	623,045
Loss for the period, representing total comprehensive income for the period	-	-	-	(376)	(376)
At 31 Mar 2016	184,319	(5,007)	318,742	124,615	622,669

- 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 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.**

As at 31 March 2016, the Company's authorised capital was HK\$2,000,000,000 divided into 10,000,000,000 ordinary shares of HK\$0.20 each.

The Company's issued and paid-up capital was HK\$176,695,550 (31 December 2015: HK\$176,695,550) divided into 883,477,752 ordinary shares (31 December 2015: 883,477,752 ordinary shares) of HK\$0.20 each.

As at 31 March 2016, the Company had 4,137,000 treasury shares (31 December 2015: 4,137,000 treasury shares).

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

	As at	
	31 Mar 2016	31 Dec 2015
Total number of issued shares (excluding treasury shares)	879,340,752	879,340,752

- 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 reported on.**

There were no sale, transfer, disposal, cancellation and/or use of treasury shares during the period.

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

The figures 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 a 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.**

Save as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements for the 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 has applied all of the new standards, amendments and interpretations (the "new IFRSs") issued by the International Accounting Standards Board (the "IASB") and the International Financial Reporting Interpretation Committee (the "IFRIC") of the IASB, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2016. The adoption of these new/revised IFRSs does not result in any substantial change to the Group's accounting policies nor any significant impact on the financial statements.

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

	Group	
	1Q2016	1Q2015
(Losses)/Earnings per ordinary share for the period based on net (loss)/profit attributable to the owners of the Company:		
(i) Based on the weighted average number of ordinary shares on issue (RMB cents)	(0.79)	0.26
(ii) On a fully diluted basis (RMB cents)	N/A	N/A

Basic earnings per share for 1Q2016 is calculated based on the Group's net loss attributable to the owners of the Company of RMB6,962,000 (1Q2015: net profit attributable to the owners of the Company of RMB2,272,000) divided by the weighted average number of 879,340,752 ordinary shares (1Q2015: 879,340,752 ordinary shares) of HK\$0.20 each in issue during the period.

Diluted earnings per share for 1Q2016 and 1Q2015 was not presented as there is no potential dilutive ordinary share in existence during the period.

The following reflects the data used in the basic and diluted earnings per share computations:

	Group	
	1Q2016	1Q2015
Weighted average number of ordinary shares for basic earnings per share	879,340,752	879,340,752
Effect of dilution:		
Share options	N/A	N/A
Adjusted weighted average number of ordinary shares for diluted earnings per share	N/A	N/A

7. **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:**
(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group			Company		
	31 Mar 2016	31 Dec 2015	+/(-) %	31 Mar 2016	31 Dec 2015	+/(-) %
Net asset value ("NAV") attributable to the owner of the Company per ordinary share (RMB cents)	128.9	129.7	(0.6)	70.8	70.9	(0.1)

The NAV per share attributable to the owners of the Company as at 31 March 2016 have been calculated based on 879,340,752 ordinary shares (31 December 2015: 879,340,752 ordinary shares) of HK\$0.20 each.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It 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 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 reported on.**

Review of Group Performance

1Q2016 versus 1Q2015

Compared with 1Q2015, the Group revenue increased by 4.9% or RMB12.4 million from RMB251.9 million to RMB264.3 million, due mainly to an increase in sales from the polyethylene terephthalate ("PET") resin business. In 4Q2015, a major customer for the PET bottle plant in Tianjin was shut down. The same customer for the PET bottle plant in Shenzhen has also shifted some of its production to other location and as a result, its purchase orders to the PET bottle plant in Shenzhen decreased significantly. The Company was of the view that it was not viable to operate the Shenzhen bottle plant with such low level of purchase orders. Therefore, the Group closed down the PET bottle plants in Tianjin and Shenzhen around end 2015. With the closing down of the PET bottle plants in Shenzhen and Tianjin, sales contribution from the PET bottles business decreased significantly by 63% in 1Q2016 as compared to 1Q2015. As the profit margin of PET bottles business is generally significant higher than PET resin business, the overall profit margin of the Group dropped from 12.5% in 1Q2015 to 4.9% in 1Q2016.

Profit before income tax decreased by RMB9.7 million from profit of RMB3.5 million to loss of RMB6.2 million. Profit after tax decreased RMB9.3 million from profit after tax of RMB2.3 million to loss after tax of RMB7.0 million.

Net loss attributable to the owners of the Company was RMB7.0 million, against 1Q2015 net profit attributable to the owners of the Company of RMB2.3 million.

Although the Group suffered a loss in the current period, the Group still generated positive EBITDA amounted to RMB19.3 million in the current period.

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

Not applicable.

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.

As the Group's customers are in a consumer-based industry, demand for the Group's products will be adversely affected by the moderation in the economic growth in the PRC and the resultant reduction in discretionary consumer spending power. This has a direct impact on the Group's key customers.

The Group will continue efforts to increase sales of its PET resin business as appropriate, in order to fully utilise its production capacity to improve operational efficiency and reduce unit costs. The current production capacity of PET resin business was running at approximately 50% to 60%.

The Group continues to be vulnerable to the volatility oil prices which would have an impact on principal raw materials used by the Group.

As at 31 December 2015, the Company missed the payment of one instalment of the syndicated loans of RMB28.3 million. Overdue interests were paid in April 2016. However, the Company is in the process of rectifying the situation and negotiating with the bankers to restructure the payment terms for the remaining amount of the syndicated loans. The Company is also in negotiation with other non-syndicated loans bankers to restructure the existing bank facilities.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

NIL.

(b)(i) Amount per share:

NIL.

(b)(ii) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

NIL.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) Date payable

Not applicable.

(e) Books closure date

Not applicable.

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

No dividend was declared for the quarter ended 31 March 2016.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

13. If the Group has obtained a general mandate from shareholders for Interested person transactions (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.

The Company does not have a shareholders' mandate for IPTs. There were no IPTs during the period.

14. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Not Applicable.

15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Not Applicable.

16. A breakdown of sales.

Not Applicable.

17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Not Applicable.

18. Confirmation by Directors pursuant to Rule 705(5) of the Listing Manual of the SGX-ST.

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the first quarter ended 31 March 2016 to be false or misleading in any material aspect.

19. Confirmation by the Company in compliance with Rule 720(1) of the SGX-ST Listing Manual

The Company confirms that it has procured the undertakings (in the format set out in Appendix 7.7) from all its Directors and Executive Officers.

For and on behalf of the
Board of Directors of
FULL APEX (HOLDINGS) LIMITED

(Signed)
Guan Lingxiang
Executive Chairman

15/5/2016

(Signed)
Liang Huiying
Director