

FULL APEX (HOLDINGS) LIMITED

(Incorporated in Bermuda)
(Company Registration No.: 31906)

PROPOSED DISPOSAL OF QINGDAO FULL APEX PACKING VESSEL CO., LTD. ("QINGDAO FULL APEX")

1. INTRODUCTION

- 1.1 The Board of Directors (the "**Board**") of Full Apex (Holdings) Limited (the "**Company**") and together with its subsidiaries, (the "**Group**") wishes to announce that its wholly-owned subsidiary, Full Apex International Limited ("**FAI**") has on 22 June 2016 entered into a sale and purchase agreement (the "**SPA**") with Wise Ascent Trading Limited (the "**Purchaser**") to dispose all of its equity interest ("**Equity Interest**"), in its wholly-owned subsidiary, Qingdao Full Apex (the "**Proposed Disposal**").
- 1.2 The Purchaser is an independent third party unrelated to any of the Directors and Controlling Shareholders (as defined in the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") of the Company and its subsidiaries.

2. BACKGROUND AND RATIONALE OF THE PROPOSED DISPOSAL

- 2.1 Qingdao Full Apex is a wholly-owned subsidiary of FAI, which is an indirect wholly-owned subsidiary of the Company. Qingdao Full Apex has been dormant since 2014 and was previously in the business of the manufacturing of Polyethylene Terephthalate ("**PET**") preforms in the People's Republic of China ("**PRC**").
- 2.2 Qingdao Full Apex has been loss-making since 2012. As at 31 December 2015, it was in a net asset position of approximately RMB 74,594,000. Based on the audited financial statements of the Company as at 31 December 2015 ("**FY 2015**"), the book value of the Equity Interests amounted to approximately RMB 74,594,000. Clear of all debts, obligations, liabilities and assets (save and except the Properties (as defined below)), the book value of the Equity Interests is approximately RMB 7,768,000.
- 2.3 The Company is of the view that the Proposed Disposal would be beneficial for and in the interests of the Group as the Proposed Disposal will reduce the expenses of the Group in maintaining Qingdao Full Apex. Such expenses, which are currently estimated at approximately RMB 2,000,000 per annum, include:
- (a) labour fees;
 - (b) security fees;
 - (c) depreciation of value of land use rights, buildings, plant and machinery;
 - (d) property taxes; and
 - (e) other administrative expenses.

Accordingly, the Proposed Disposal will allow the Group to dispose of this loss-making business and financial liability, as well as, to reduce its fixed operating costs through savings in administrative expenses of the Group.

- 2.4 The Proposed Disposal will not have any material impact on the core businesses of the Group as the main operations of the Group's production of bottle-grade PET resin, PET preforms and PET bottles used for carbonated beverages are conducted through its other subsidiary, Hangzhou Full Apex Vessel Co., Ltd. Therefore, it will not result in a material change to the nature of the Group's businesses.

- 2.5 The Proposed Disposal will incur an estimate gain on disposal for the financial year and increase the cash position of the Group.

3. THE PROPOSED DISPOSAL

3.1 Sale and Purchase

Pursuant to the SPA, FAI shall sell and the Purchaser shall purchase the Equity Interests, free from all encumbrances and together with all rights, interest, benefits and advantages attaching thereto as at completion of the SPA ("**Completion**").

On Completion, Qingdao Full Apex shall hold interest in only one (1) asset, being the Properties (as defined below), and all other assets, debts, liabilities, and obligations shall have been assigned, novated and transferred to other subsidiaries within the Group.

3.2 Salient Terms of the SPA

3.2.1 Conditions Precedent

The obligations of the parties relating to the Proposed Disposal will be subject to the fulfilment of, *inter alia*, the following conditions precedent:-

- (a) all approvals, waivers or consents as may be required for the sale of the Equity Interests, to enable the Purchaser and/or its nominee(s) to be registered as holder(s) of all of the Equity Interests, and to give effect to the transactions contemplated hereunder (including without limitation, under all applicable laws and such waivers as may be necessary of terms which would otherwise constitute a default under any instrument, contract, document or agreement to which Qingdao Full Apex is a party or by which Qingdao Full Apex or its assets are bound and waivers of all pre-emption rights or rights of first refusal in relation to the Equity Interests) being obtained and where any waiver, consent or approval is subject to conditions, such conditions being satisfactory to the Purchaser in its reasonable discretion and if required to be fulfilled by a particular date, being so fulfilled, and such approvals, waivers or consents remaining valid and in full force and effect;
- (b) the assignment, novation or transfer of all assets, debts, obligations, liabilities (including the same against the employees of Qingdao Full Apex) of Qingdao Full Apex, save for the properties in which Qingdao Full Apex has interests (the "**Properties**") and owns with good title and free from any encumbrances on Completion;
- (c) the grant of the power of attorney from the Purchaser to FAI ("**Power of Attorney**"), in relation to the irrevocable rights of FAI to transfer the Equity Interests registered in the name of the Purchaser back to FAI in the event of a default in payment by the Purchaser on the 90% of the Consideration; and
- (d) subject to the grant of the Power of Attorney, the Purchaser being reflected as the registered holder of the Equity Interests in accordance with the relevant laws of the PRC, and all relevant approvals obtained from the relevant authorities in the PRC.

3.2.2 Consideration

- (a) The aggregate consideration for the Proposed Disposal is RMB 23,800,000 (the "**Consideration**").

(b) The Consideration was arrived on a willing-buyer, willing-seller basis, taking into account the market value of the Properties, being the only remaining asset of Qingdao Full Apex on Completion.

(c) The Consideration will be settled in cash in the following manner:

- (i) 10% of the Consideration to be paid within ten (10) business days of the signing of the SPA (the "**Initial Payment**"); and
- (ii) 90% of the Consideration to be paid on Completion.

3.2.3 Completion Date

Completion shall take place within ten (10) business days of the Purchaser being reflected as the registered holder of the Equity Interests in accordance with the requirements under the laws of the PRC.

3.3 Valuation of Qingdao Full Apex

3.3.1 The Company had commissioned Castores Magi (Hong Kong) Limited (the "**Valuer**") to undertake an independent valuation on the Properties, being the only remaining asset of Qingdao Full Apex on Completion.

3.3.2 Based on the said valuation by the Valuer, as at 31 May 2016, the capital value of the Properties is RMB 18,690,000.

3.3.3 The Valuer had conducted the valuation of the land use rights of the Properties on a market basis and the valuation of buildings of the Properties on a depreciated replacement cost basis. Under the market approach, the value of the land use rights was determined by reference to comparable market transactions. As for the depreciated replacement cost approach, the valuation of the buildings was determined based on an estimate of the market value for the existing use of the land, and the current costs of replacing an asset with its modern equivalent asset, less deductions for physical deterioration and all relevant forms of optimisation and obsolescence.

3.3.4 The Consideration is RMB 23,800,000 which is approximately 27.3% more than the aforesaid valuation of the Properties.

4. **RELATIVE FIGURES FOR THE PROPOSED DISPOSAL**

Based on the latest audited consolidated financial statements of the Group for FY 2015, the relative figures of the Proposed Disposal computed on the bases set out in Rule 1006(a) to (e) of the Listing Manual of the SGX-ST are as follows:

Rule 1006	Bases	Relative Figure
(a)	The net asset value of the assets to be disposed, compared with the Group's net asset value.	6.54% ⁽¹⁾
(b)	The net profits/ losses attributable to the assets disposed, compared with the Group's consolidated net profits.	3.14% ⁽²⁾
(c)	The aggregate value of the consideration given, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	17.76% ⁽³⁾
(d)	The number of equity securities issued by the Company as consideration for an	Not applicable

	acquisition, compared with the number of equity securities previously in issue.	
(e)	The aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves.	Not applicable

Notes:

- (1) Based on the Group's latest audited net asset value of approximately RMB 1,140,560,000 as at 31 December 2015 and net asset value of the Equity Interests of RMB 74,594,000.
- (2) Under Rule 1002(3)(b), "net profits" means profit or loss before income tax, minority interests and extraordinary items. The Group's net loss before income tax was approximately RMB 300,019,000 as at 31 December 2015 and the aggregate net loss before income tax attributable to Qingdao Full Apex was approximately RMB 9,423,000.
- (3) This represents the Consideration as a percentage of the Company's market capitalisation of RMB 134,006,636 on 20 June 2016, being the last traded market day immediately preceding the date of the SPA (based on an exchange rate of S\$1.00: RMB 4.8953 on 20 June 2016). "Market capitalisation" is determined by multiplying the number of shares in issue by the weighted average price of such shares transacted on the market day preceding the date of the SPA.

Based on the relative figures computed above, the Proposed Disposal is a discloseable transaction for the purposes of Chapter 10 of the Listing Manual of the SGX-ST.

5. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

- 5.1 For illustrative purposes only, the financial effects of the Proposed Disposal on the net tangible asset per share and loss per share of the Group based on the latest audited consolidated financial statements of the Group for FY 2015 are as follows:-

Effects on net tangible assets per share

Had the Proposed Disposal been effected on 31 December 2015, the financial effect on the net tangible assets of the Group is as follows:

	Before Proposed Disposal	After Proposed Disposal
Net tangible assets	RMB 1,140,560,000	RMB 1,156,592,000
Number of issued shares	879,340,752	879,340,752
Net tangible assets per share	RMB 129.7 cents	RMB 131.5 cents

Effects on loss per share

Had the Proposed Disposal been effected on 1 January 2015, the financial impact on the Company's loss per share for the financial year ended 31 December 2015 is as follows:

	Before Proposed Disposal	After Proposed Disposal
Loss attributable to shareholders of the Company	RMB 266,829,000	RMB 249,893,000
Weighted average number of issued shares	879,340,752	879,340,752
Loss per share	RMB 30.34 cents	RMB 28.42 cents

Please note that the above financial figures are for illustrative purposes only and do not necessarily reflect the actual results and financial performance and position of the Group after the Proposed Disposal. No representation is made as to the actual financial position and/or results of the Group after completion of the Proposed Disposal.

6. USE OF PROCEEDS

The proceeds from the Proposed Disposal will be deployed to meet the working capital requirements of the Group.

7. GAIN ON DISPOSAL

The book value of the Properties as at 31 December 2015 is RMB 7,768,000. The Proposed Disposal at the Consideration will give rise to an estimate gain on disposal of approximately RMB 16,032,000 for the Group and an excess over the book value of Qingdao Full Apex of approximately RMB 16,032,000.

8. INTERESTS OF THE DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for their shareholdings in the Company, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal.

9. SERVICE CONTRACTS

There are no directors who are proposed to be appointed to the Board of the Company in connection with the Proposed Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

10. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the SPA will be made available for inspection during normal business hours at the office of the Company Secretary at 38 Beach Road, #29-11 South Beach Tower, Singapore 189767 for a period of three (3) months from the date of this announcement.

11. CAUTION IN TRADING

Shareholders are advised to exercise caution in trading their shares. There is no certainty or assurance as at the date of this announcement that the Proposed Disposal will be completed or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments on the Proposed Disposal and other matters contemplated by this announcement. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers.

BY ORDER OF THE BOARD

Guan Lingxiang
Executive Chairman
22 June 2016