

## FULL APEX (HOLDINGS) LIMITED

(Incorporated in Bermuda)

### FIRST QUARTER FINANCIAL STATEMENT ANNOUNCEMENT FOR THE PERIOD ENDED 31 MARCH 2017

#### 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		
	1Q2017 RMB'000	1Q2016 RMB'000	+/(-) %
Revenue (Note 1)	293,229	264,309	10.9
Cost of sales	(268,307)	(251,330)	6.8
<b>GROSS PROFIT (Note 2)</b>	<b>24,922</b>	<b>12,979</b>	<b>92.0</b>
Other income and gains	403	311	29.6
Selling and distribution costs (Note 3)	(3,783)	(3,263)	15.9
Administrative expenses	(10,026)	(9,557)	4.9
Finance costs	(6,787)	(6,707)	1.2
<b>PROFIT/(LOSS) BEFORE INCOME TAX</b>	<b>4,729</b>	<b>(6,237)</b>	<b>NM</b>
Income tax expense	(645)	(725)	(11.0)
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	<b>4,084</b>	<b>(6,962)</b>	<b>NM</b>
Profit/(Loss) for the period attributable to: Owners of the Company	4,084	(6,962)	NM
	<u>4,084</u>	<u>(6,962)</u>	<u>NM</u>

##### 1(a)(ii) Statement of Comprehensive income

	Group		
	1Q2017 RMB'000	1Q2016 RMB'000	+/(-) %
Profit/(Loss) for the period	4,084	(6,962)	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
<b>Total comprehensive income for the period</b>	<b>4,084</b>	<b>(7,010)</b>	<b>NM</b>
Total comprehensive income for the period attributable to: Owners of the Company	4,084	(7,010)	NM
	<u>4,084</u>	<u>(7,010)</u>	<u>NM</u>

NM = not meaningful

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

	Group		
	1Q2017 RMB'000	1Q2016 RMB'000	+/(-) %
Interest income	80	36	122.2
Net foreign exchange gains	-	11	N/A
Fair value gains on financial assets at fair value through profit or loss	3	5	(40.0)
Sale of scrap products	320	259	23.5
Other income and gains	403	311	29.6
Interest expenses	6,787	6,707	1.2
Depreciation and amortisation	22,030	18,827	17.0

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 both increase in sales volume and selling price.
2. The overall increase in gross profit in 1Q2017 was due mainly to an increase of gross margin in the PET resin business resulting from general improvement in market conditions and increase in production volume.
3. The increase in selling and distribution costs was in line with the increase in revenue.

- 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 2017 RMB'000	31 Dec 2016 RMB'000	31 Mar 2017 RMB'000	31 Dec 2016 RMB'000
<b>ASSETS AND LIABILITIES</b>				
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	692,381	703,497	-	-
Prepaid land lease payments	80,480	80,993	-	-
Interests in subsidiaries	-	-	153,021	153,021
Deferred tax assets	9,281	9,281	-	-
Prepayments	4,935	4,978	-	-
	<u>787,077</u>	<u>798,749</u>	<u>153,021</u>	<u>153,021</u>
<b>CURRENT ASSETS</b>				
Inventories	421,967	393,044	-	-
Trade and bills receivables	395,937	413,929	-	-
Deposits, prepayments and other receivables	142,969	165,279	91	121
Financial assets at fair value through profit or loss	55	52	-	-
Amounts due from subsidiaries	-	-	469,363	469,622
Amounts due from brokers (Note 1)	22	22	-	-
Cash and bank balances	25,412	20,253	32	32
	<u>986,362</u>	<u>992,579</u>	<u>469,486</u>	<u>469,775</u>
<b>CURRENT LIABILITIES</b>				
Trade and bills payables	13,689	14,570	-	-
Accruals, deposits received and other payables	20,545	22,537	845	927
Interest-bearing borrowings	640,223	659,058	-	-
Current tax liabilities	9,256	9,521	-	-
	<u>683,713</u>	<u>705,686</u>	<u>845</u>	<u>927</u>
<b>NET CURRENT ASSETS</b>	<u>302,649</u>	<u>286,893</u>	<u>468,641</u>	<u>468,848</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<u>1,089,726</u>	<u>1,085,642</u>	<u>621,662</u>	<u>621,869</u>
<b>NET ASSETS</b>	<u>1,089,726</u>	<u>1,085,642</u>	<u>621,662</u>	<u>621,869</u>
<b>EQUITY</b>				
<b>EQUITY ATTRIBUTABLE TO THE OWNERS OF THE COMPANY</b>				
Share capital	184,319	184,319	184,319	184,319
Treasury shares	(5,007)	(5,007)	(5,007)	(5,007)
Reserves	910,414	906,330	442,350	442,557
<b>TOTAL EQUITY</b>	<u>1,089,726</u>	<u>1,085,642</u>	<u>621,662</u>	<u>621,869</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 31/3/2017		As at 31/12/2016	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
640,223	-	659,058	-

**Amount repayable after one year**

As at 31/3/2017		As at 31/12/2016	
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 3% to 8% per annum. As at 31 March 2017, the Group's secured borrowings were 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	
	1Q2017 RMB'000	1Q2016 RMB'000
<b>Cash flows from operating activities</b>		
Profit/(loss) before income tax	4,084	(6,237)
Adjustments for:		
Interest income	(80)	(36)
Fair value gains on financial assets at fair value through profit or loss	(3)	(5)
Interest expenses	6,787	6,707
Amortisation of prepaid land lease payments	513	706
Depreciation	21,517	18,121
Net foreign exchange gains arising from translation of borrowings	-	111
	<hr/>	<hr/>
Operating profit before working capital changes	32,818	19,367
Increase in inventories	(39,908)	(92,707)
Decrease in trade and bills receivables	17,992	35,441
Decrease in deposits, prepayments and other receivables	22,310	3,134
Decrease in trade and bills payables	(881)	(40,115)
Decrease in accruals, deposits received and other payables	(335)	(7,095)
	<hr/>	<hr/>
Cash generated from/(used in) operations	31,996	(81,975)
Income tax paid	(330)	(725)
	<hr/>	<hr/>
Net cash generated from/(used in) operating activities	31,666	(82,700)
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	-	(23)
Bank interest received	80	36
	<hr/>	<hr/>
Net cash generated from investing activities	80	13
<b>Cash flows from financing activities</b>		
Decrease/(Increase) in pledged bank deposits	1,547	(4,972)
Proceeds from interest-bearing borrowings	158,563	190,015
Repayments of interest-bearing borrowings	(177,052)	(122,352)
Interest paid	(8,098)	(6,087)
	<hr/>	<hr/>
Net cash (used in)/generated from financing activities	(25,040)	56,604
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	6,706	(26,083)
Cash and cash equivalents at 1 January	14,135	40,007
Effect of foreign exchange rate changes, net	-	(48)
	<hr/>	<hr/>
Cash and cash equivalents at 31 March	20,841	13,876
	<hr/>	<hr/>
Analysis of balances of cash and cash equivalents		
Amounts due from brokers	22	24
Cash on and bank balances	25,412	44,607
Less: restricted deposits (Note 1)	(4,593)	(30,755)
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	20,841	13,876
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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.**

	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
<b>The Group</b>									
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
At 1 Jan 2017	184,319	(5,007)	318,742	1,492	109,281	3,768	473,047	1,085,642	1,085,642
Profit for the period	-	-	-	-	-	-	4,084	4,084	4,084
Total comprehensive income for the period	-	-	-	-	-	-	4,084	4,084	4,084
Transfer to statutory reserves	-	-	-	-	210	-	(210)	-	-
At 31 Mar 2017	184,319	(5,007)	318,742	1,492	109,491	3,768	476,921	1,089,726	1,089,726

<b>The Company</b>	Share capital RMB'000	Treasury shares RMB'000	Share premium RMB'000	Retained profits RMB'000	Total equity RMB'000
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
At 1 Jan 2017	184,319	(5,007)	318,742	123,815	621,869
Loss for the period, representing total comprehensive income for the period	-	-	-	(207)	(207)
At 31 Mar 2017	184,319	(5,007)	318,742	123,608	621,662

- 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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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 year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 2017, the Company's authorised capital was HK\$2,000,000,000 divided into 500,000,000 ordinary shares of HK\$4.00 each (31 December 2016: HK\$2,000,000,000 divided into 500,000,000 ordinary shares of HK\$4.00 each).

The Company's issued and paid-up capital was HK\$176,695,550 (31 December 2016: HK\$176,695,550) divided into 44,173,887 ordinary shares of HK\$4.00 each (31 December 2016: 44,173,887 ordinary shares of HK\$4.00 each).

As at 31 March 2017, the Company had 206,850 treasury shares (31 December 2016: 206,850 treasury shares).

As at 31 March 2017, there were no subsidiary holdings (31 December 2016: Nil).

- 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 2017	31 Dec 2016
Total number of issued shares (excluding treasury shares)	43,967,037	43,967,037

- 1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

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

- 1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable.

- 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 2016.

**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 new IFRSs which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2017. 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.**

	1Q2017	Group 1Q2016 (Adjusted)
Earnings/(Losses) per ordinary share for the period based on net profit/(loss) attributable to the owners of the Company:		
(i) Based on the weighted average number of ordinary shares on issue (RMB cents)	9.29	(15.8)
(ii) On a fully diluted basis (RMB cents)	N/A	N/A

Basic earnings per share for 1Q2017 is calculated based on the Group's net profit attributable to the owners of the Company of RMB4,084,000 (1Q2016: net loss attributable to the owners of the Company of RMB6,962,000) divided by the weighted average number of 43,967,037 ordinary shares of HK\$4.00 each in issued during the period (1Q2016: 43,967,037 ordinary shares of HK\$4.00 each adjusted after effect of consolidation).

Diluted earnings per share for 1Q2017 and 1Q2016 was not presented as there is no potential dilutive ordinary share in existence during the period.

**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 2017	31 Dec 2016	+/(-) %	31 Mar 2017	31 Dec 2016	+/(-) %
Net asset value ("NAV") attributable to the owner of the Company per ordinary share (RMB cents)	2,478.5	2,469.2	0.3	1,413.9	1,414.4	(0.0)



The NAV per share attributable to the owners of the Company as at 31 March 2017 have been calculated based on 43,967,037 ordinary shares of HK\$4.00 each (31 December 2016: 43,967,037 ordinary shares of HK\$4.00 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**

**1Q2017 versus 1Q2016**

Compared with 1Q2016, the Group revenue increased by 10.9% or RMB28.9 million from RMB264.3 million to RMB293.2 million, due mainly to an increase both in sales volumen and unit selling price from the PET resin business.

Gross profit increased by 92% or RMB11.9 million from RMB13.0 million to RMB24.9 million was due mainly to increase of gross margin in the PET resin business which resulting from general improvement in market conditions and increase in production volume.

Profit before income tax increased by RMB10.9 million from loss of RMB6.2 million to profit of RMB4.7 million. Profit after tax increased by RMB11.1 million from loss after tax of RMB7.0 million to profit after tax of RMB4.1 million.

Net profit attributable to the owners of the Company was RMB4.1 million, against 1Q2016 net loss attributable to the owners of the Company of RMB7.0 million.

**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.**

Due to the shake-up in the supply industry, there is a general improvement in the market enviroment. 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 of PET resin business was running at approximately 60% of full capacity.

Although oil price is trading in a narrower range, the Group continues to be vulnerable to the voliatility oil prices which would have an impact on principal raw materials used by the Group.

As at 31 March 2017 and 31 December 2016, there was no change in the situation. The Company missed the payment of three instalments of the syndicated loan amounted to USD13.8 million. However, the Company has repaid part of the instalments (USD2.3 million) during 2016. All overdue and current interests were also paid.

The Company is in the process of rectifying the situation and continuing negotiating with all bankers to restructure the payment terms for the remaining amount of the syndicated loan and restructuring the other existing banking facilities.

On 10 November 2016, the Company entered into a Memorandum of Understanding ("MOU") with National Industrial Clusters Development Program of the Kingdom of Saudi Arabia (the "Kingdom"), to explore the possibility of conducting a feasibility study for establishing manufacturing facilities for Purified Terephthalic Acid, PET and other polyester products at Jazan Economic City ("JEC") in the Kingdom (the "Project"). By entering into the MOU, both parties agree to work together in exploring viability of the investment opportunity in the Project.

Furthermore, the Company also entered into a MOU ("RCJY MOU") for the above project with Royal Commission for Jubail and Yanbu of the Kingdom ("RCJY") on 16 March 2017. The RCJY MOU was one of a few that was signed during the state visit of King Salman bin Abdulaziz Al-Saud to the PRC from 15 March 2017 to 18 March 2017. By entering into the RCJY MOU, a plot of land in JEC has been tentatively and conditionally allocated to the Company for the purpose of building and operating above said factories.

For more details, please refer to separate announcements released by the Company on 14 November 2016 and 20 March 2017. The feasibility studies on the Project are in progress.

On 17 March 2017, the Company also entered into a MOU with Poly (Hong Kong) Holdings Limited ("Poly"), a subsidiary of China Poly Group Corporation and an independent third party incorporated in Hong Kong ("Poly MOU"). By entering into the Poly MOU, both parties agreed to establish a strategic partnership to work together in exploring viability of the Project in Saudi Arabia and the possibility of re-development of Pan Asia factory and land.

## 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 2017.

**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 2017 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

15/5/2017

(Signed)  
Liang Huiying  
Director