

# FULL APEX (HOLDINGS) LIMITED

(Incorporated in Bermuda)

## Half-Year and Second Quarter Financial Statements For Period Ended 30 June 2017

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

	Group					
	2Q2017 RMB'000	2Q2016 RMB'000	+ /(-) %	1H2017 RMB'000	1H2016 RMB'000	+ /(-) %
Revenue	273,162	277,633	-1.6	566,391	541,942	+4.5
Cost of sales	(249,764)	(264,811)	-5.7	(518,071)	(516,141)	+0.4
Gross profit	23,398	12,822	+82.5	48,320	25,801	+87.3
Other income and gains	75	1,449	-94.8	478	1,760	-72.8
Selling and distribution costs	(1,950)	(2,374)	-17.9	(5,733)	(5,637)	+1.7
Administrative expenses	(11,075)	(10,315)	+7.4	(21,101)	(19,872)	+6.2
Finance costs	(8,981)	(7,122)	+26.1	(15,768)	(13,829)	+14.0
Profit/(Loss) before income tax	1,467	(5,540)	NM	6,196	(11,777)	NM
Income tax expense	(459)	(565)	-18.8	(1,104)	(1,290)	-14.4
Profit/(Loss) for the period	1,008	(6,105)	NM	5,092	(13,067)	NM
Profit/(Loss) for the period attributable to: Owners of the Company	1,008	(6,105)	NM	5,092	(13,067)	NM
	1,008	(6,105)	NM	5,092	(13,067)	NM

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

	Group			Group		
	2Q2017 RMB'000	2Q2016 RMB'000	+ /(-) %	1H2017 RMB'000	1H2016 RMB'000	+ /(-) %
Profit/(Loss) for the period	1,008	(6,105)	NM	5,092	(13,067)	NM
Total comprehensive income for the period	1,008	(6,105)	NM	5,092	(13,067)	NM
Total comprehensive income for the period attributable to: Owners of the Company	1,008	(6,105)	NM	5,092	(13,067)	NM

NM = not meaningful

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

	Group			Group		
	2Q2017 RMB'000	2Q2016 RMB'000	+/(-) %	1H2017 RMB'000	1H2016 RMB'000	+/(-) %
Dividend income	-	1	-100.0	-	1	-100.0
Interest income	41	24	+70.8	121	60	+101.7
Net foreign exchange gains	-	992	-100.0	-	1,003	-100.0
Fair value (losses)/gains on financial assets at fair value through profit or loss	(2)	(2)	0.0	1	3	-66.7
Sale of scrap products	36	434	-91.7	356	693	-48.6
Other income and gains	75	1,449	-94.8	478	1,760	-72.8
Interest expenses	8,981	7,122	+26.1	15,768	13,829	+14.0
Depreciation and amortisation	22,032	18,652	+18.1	33,661	37,479	-10.2

NM = not meaningful

**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	
	30 Jun 2017 RMB'000	31 Dec 2016 RMB'000	30 Jun 2017 RMB'000	31 Dec 2016 RMB'000
<b>ASSETS AND LIABILITIES</b>				
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	670,862	703,497	-	-
Prepaid land lease payments	79,967	80,993	-	-
Interests in subsidiaries	-	-	153,021	153,021
Deferred tax assets	9,281	9,281	-	-
Prepayments	4,892	4,978	-	-
	<u>765,002</u>	<u>798,749</u>	<u>153,021</u>	<u>153,021</u>
<b>CURRENT ASSETS</b>				
Inventories	431,010	393,044	-	-
Trade and bills receivables	392,038	413,929	-	-
Deposits, prepayments and other receivables	151,945	165,279	91	121
Financial assets at fair value through profit or loss	53	52	-	-
Amounts due from subsidiaries	-	-	469,363	469,622
Amounts due from brokers	22	22	-	-
Cash and bank balances	38,300	20,253	32	32
	<u>1,013,368</u>	<u>992,579</u>	<u>469,486</u>	<u>469,775</u>
<b>CURRENT LIABILITIES</b>				
Trade and bills payables	14,072	14,570	-	-
Accruals, deposits received and other payables	29,875	22,537	762	927
Interest-bearing borrowings	634,618	659,058	-	-
Current tax liabilities	9,071	9,521	-	-
	<u>687,636</u>	<u>705,686</u>	<u>762</u>	<u>927</u>
<b>NET CURRENT ASSETS</b>	<u>325,732</u>	<u>286,893</u>	<u>468,724</u>	<u>468,848</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<u>1,090,734</u>	<u>1,085,642</u>	<u>621,745</u>	<u>621,869</u>
<b>NET ASSETS</b>	<u>1,090,734</u>	<u>1,085,642</u>	<u>621,745</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	911,422	906,330	442,433	442,557
<b>TOTAL EQUITY</b>	<u>1,090,734</u>	<u>1,085,642</u>	<u>621,745</u>	<u>621,869</u>

**1(b)(ii) Aggregate amount of group's borrowings and debt securities**

**Amount repayable in one year or less, or on demand**

As at 30/6/2017		As at 31/12/2016	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
634,618	-	659,058	-

**Amount repayable after one year**

As at 30/6/2017		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 borrowings bear interest ranging from 3% to 8% per annum. As at 30 June 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 cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year**

	Group			
	2Q2017 RMB'000	2Q2016 RMB'000	1H2017 RMB'000	1H2016 RMB'000
Cash flows from operating activities				
Profit/(Loss) before income tax	1,467	(5,540)	6,196	(11,777)
Adjustments for:				
Interest income	(41)	(24)	(121)	(60)
Fair value losses/(gains) on financial assets at fair value through profit or loss	2	2	(1)	(3)
Interest expenses	8,981	7,122	15,768	13,829
Amortisation of prepaid land lease payments	513	648	1,026	1,354
Depreciation	21,519	18,004	32,635	36,125
Unrealised net foreign exchange losses arising from translation of borrowings	-	-	-	111
Operating profit before working capital changes	32,441	20,212	55,503	39,579
Increase in inventories	(9,043)	(16,760)	(37,966)	(109,467)
Decrease/(Increase) in trade and bills receivables	3,899	(14,540)	21,891	20,901
(Increase)/Decrease in deposits, prepayments and other receivables	(8,933)	(11,585)	13,420	(8,451)
Increase/(Decrease) in trade and bills payables	383	(57,722)	(498)	(97,837)
Increase in accruals, deposits received and other payables	3,866	10,544	3,531	3,449
Cash generated from/(used in) operations	22,613	(69,851)	55,881	(151,826)
Income tax paid	(644)	(565)	(1,554)	(1,290)
Net cash generated from/(used in) operating activities	21,969	(70,416)	54,327	(153,116)
Cash flows from investing activities				
Purchases of property, plant and equipment	-	(253)	-	(276)
Bank interest received	41	24	121	60
Net cash generated from/(used in) investing activities	41	(229)	121	(216)
Cash flows from financing activities				
(Increase)/Decrease in pledged bank deposits	(39)	24,426	1,508	19,454
Proceeds from interest-bearing borrowings	156,290	154,808	314,507	344,823
Repayments of interest-bearing borrowings	(161,895)	(97,660)	(338,947)	(220,012)
Interest paid	(3,517)	(9,139)	(11,961)	(15,226)
Net cash (used in)/generated from financing activities	(9,161)	72,435	(34,893)	129,039
Net increase/(decrease) in cash and cash equivalents	12,849	1,790	19,555	(24,293)
Cash and cash equivalents at beginning of period	20,841	13,876	14,135	40,007
Effect of foreign exchange rate changes, net	-	-	-	(48)
Cash and cash equivalents at end of period	33,690	15,666	33,690	15,666
Analysis of balances of cash and cash equivalents				
Amounts due from brokers	22	24	22	24
Cash and bank balances	38,300	21,971	38,300	21,971
Less: restricted deposits*	(4,632)	(6,329)	(4,632)	(6,329)
	33,690	15,666	33,690	15,666

**Note:**

\* 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	Treasury shares	Share premium	Capital reserves	Statutory reserves	Foreign translation reserves	Retained profits	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
The Group								
At 1 Jan 2016	184,319	(5,007)	318,742	1,492	108,511	(325)	532,828	1,140,560
Loss for the period	-	-	-	-	-	-	(6,962)	(6,962)
Exchange losses on translation of financial statements of foreign operations, net of tax amounting to RMB Nil	-	-	-	-	-	(48)	-	(48)
Total comprehensive income for the Period	-	-	-	-	-	(48)	(6,962)	(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
Loss for the period	-	-	-	-	-	-	(6,105)	(6,105)
Total comprehensive income for the Period	-	-	-	-	-	-	(6,105)	(6,105)
Transfer to statutory reserves	-	-	-	-	170	-	(170)	-
At 30 Jun 2016	184,319	(5,007)	318,742	1,492	108,911	(373)	519,361	1,127,445
At 1 Jan 2017	184,319	(5,007)	318,742	1,492	109,281	3,768	473,047	1,085,642
Profit for the period	-	-	-	-	-	-	4,084	4,084
Total comprehensive income for the Period	-	-	-	-	-	-	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
Profit for the period	-	-	-	-	-	-	1,008	1,008
Total comprehensive income for the Period	-	-	-	-	-	-	1,008	1,008
Transfer to statutory reserves	-	-	-	-	340	-	(340)	-
At 30 Jun 2017	184,319	(5,007)	318,742	1,492	109,831	3,768	477,589	1,090,734

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 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
Loss for the period, representing total comprehensive income for the period	-	-	-	(233)	(233)
At 30 Jun 2016	184,319	(5,007)	318,742	124,382	622,436
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
Profit for the period, representing total comprehensive income for the period	-	-	-	83	83
At 30 Jun 2017	184,319	(5,007)	318,742	123,691	621,745

**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 30 June 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\$176,695,548 (31 December 2016: HK\$176,695,548) 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 30 June 2017, the Company had 206,850 treasury shares (31 December 2016: 206,850 treasury shares).

As at 30 June 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.**

	30 Jun 2017	As at 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 standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)**

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 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 period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

	2Q2017	Group		1H2016
		2Q2016	1H2017	
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)	2.29	(13.89)	11.58	(29.72)
(ii) On a fully diluted basis (RMB cents)	N/A	N/A	N/A	N/A

N/A – Not applicable

Basic earnings per ordinary share for the second quarter (“2Q”) and the six months (“1H”) ended 30 June 2017 is calculated based on the profit attributable to the owners of the Company of approximately RMB1,008,000 and RMB5,092,000, respectively (basic losses per ordinary shares for 2Q2016 and 1H2016 is calculated based on the net losses attributable to the owners of the Company of RMB6,105,000 and RMB13,067,000, respectively) divided by the weighted average of 43,967,037 ordinary shares in issue (excluding treasury shares) for 2Q2017 and 1H2017 (2Q2016 and 1H2016: 43,967,037 ordinary shares in issue, excluding treasury shares).

There were no potential ordinary shares in existence for 2Q2017, 1H2017, 2Q2016 and 1H2016 and accordingly, no diluted earnings/(losses) per share is presented.

**7. Net asset 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 period reported on and (b) immediately preceding financial year**

	Group			Company		
	30 Jun 2017	31 Dec 2016	+/(-)%	30 Jun 2016	31 Dec 2017	+/(-)%
Net asset value (“NAV”) attributable to the owners of the Company per ordinary share (RMB cents)	2,480.80	2,469.22	+0.5	1,414.12	1,414.40	0.0

The NAV per share attributable to the owners of the Company as at 30 June 2017 have been calculated based on 43,967,037 shares in issue, excluding treasury shares (31 December 2016: 43,967,037 shares in issue (excluding treasury shares)).

- 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 discuss 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. It must also discuss 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, Financial Position and Cash Flows**

(A) Revenue

The Group's revenue decreased slightly by 1.6% or RMB4.4 million from RMB277.6 million in 2Q2016 to RMB273.2 million in 2Q2017. The sales of our key products, PET resin, amounted 94.7% of our total revenue in 2Q2017 (2Q2016: 91.7%).

(B) Gross profit margin

The Group recorded a gross profit margin of 8.6% in 2Q2017, compared to 4.6% in 2Q2016. The overall increase in gross profit in 2Q2017 was due mainly to an increase in gross margin in the PET resin business, resulting from the general improvement in market conditions and a decrease in the raw material costs.

(C) Other income and gains

Other income and gains decreased by 94.8% in 2Q2017 compared to 2Q2016, mainly due to absence of exchange gain in 2Q2017.

(D) Selling and distribution costs

The decrease in selling and distribution costs was mainly due to a decrease in transportation costs in 2Q2017, resulting from an increase in sales to small customers who self-collected the goods.

(E) Finance costs

Finance costs increased by 26.1% in 2Q2017 compared to 2Q2016 mainly due to the increase in effective interest rate on bank borrowings.

(F) Income tax expense

A provision of 25% for PRC income tax was made for the respective profits of our subsidiaries in PRC in the consolidated financial statements of the Group in 2Q2017 (2Q2016: 25%).

(G) Profit for the period

Profit for the period increased by RMB18.2 million from loss of RMB13.1 million in 1H2016 to profit of RMB5.1 million in 1H2017, mainly because there was an increase in gross profit margin in 2Q2017.

(H) Inventories

The increase in inventories was mainly due to higher raw material purchases for the production of PET resin in 2Q2017 for the coming summer peak season.

(I) Deposits, prepayment and other receivables

The decrease in deposits, prepayment and other receivables in 2Q2017 was mainly due to a decrease in the deposits paid to suppliers.

(J) Accruals, deposits received and other payables

The increase in accruals, deposits and other payables in 2Q2017 was mainly due to an increase in accrued interest of RMB3.8 million and other expenses of RMB2.0 million.

(K) Cash flows

Positive cash flow of RMB19.6 million was generated in 1H2017 by the Group, arising mainly from the net cash generated from operations of RMB54.3 million, offset with the net cash used in financing activities of RMB34.9 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 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**

There is a general improvement in the market environment in the current year. The Group will continue efforts to increase sales of its PET resin business, 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.

However, the Group's raw material costs continue to be affected by the volatility of oil prices.

The Group's bank borrowings from a syndicated loan and a term loan totalling to RM262.1 million are due to be repaid. The Group is still in the process of negotiating with the syndicating banks to restructure the repayment terms of the outstanding borrowings. A financial adviser has been engaged in its restructuring negotiation with the syndicating banks. The Group is also exploring the possibility of entering into new credit relationships with other Chinese financial institutions.

On 10 November 2016, the Group 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 Group 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. 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 management is in the progress of working with the relevant parties in this Project.

On 17 March 2017, the Group 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.

The management believes that those projects can enhance the overall financial performance of the Group in the future. The Company will update the shareholders for the development of those plans when appropriate.

As a result of the Company being put under the Watch-list due to the financial and minimum trading price entry criteria of the Singapore Exchange Securities Trading Limited (reference is made to the announcements made in 5 June 2017), the management had been diligent and endeavor to improve on the business fundamentals of the Company.

**11. Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

Nil.

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

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

Nil.

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

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

No dividend has been declared for the quarter ended 30 June 2017.

**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. 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 half-year and second quarter ended 30 June 2017 to be false or misleading in any material aspect.

**15. 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

Guan Lingxiang  
Executive Chairman

Liang Huiying  
Director

14 August 2017