

FULL APEX (HOLDINGS) LIMITED

(Incorporated in Bermuda)

(Company Registration No.: 31906)

PAN-ASIA SAUDI PETROCHEMICAL & CHEMICAL FIBER INTEGRATED PROJECT



In January, 2016, President Xi Jinping visited Saudi Arabia and held meetings with King Salman bin Abdulaziz Al Saud. The two leaders announced that a comprehensive strategic partnership between China and Saudi Arabia would be established.



Site Plan of the Pan-Asia Saudi Petrochemical and Chemical Fiber Integrated Project

As People Republic of China (the "PRC") is vigorously promoting the Belt and Road Initiative, Chinese companies are encouraged to carry out capacity cooperation and invest in industrial parks in countries along the Belt and Road. Such measures can help Chinese companies that produce equipment sets to "go abroad," so as to facilitate the economic transformation and upgrade of the PRC. Companies with the ability to invest and operate overseas are encouraged to do so and are included in the a prioritized project list.

The Kingdom of Saudi Arabia (the "Saudi Arabia") is an important pivotal country of the Belt and Road Initiative. In order to boost the country's development, the Saudi government has introduced Vision 2030 to reduce the country's overdependence on crude oil, improve its industrial capability and lift the country to become one of the 15 largest economies. A significant amount of effort has been put in by the Saudi government to attract foreign direct investment and to meet the following two goals: foreign investment making up 5.7% of the overall investment and the private sector constituting 65% of the GDP. In this macroeconomic environment, a Sino-Saudi capacity cooperation framework agreement was signed between two countries during President Xi Jinping's visit to the Saudi Arabia. The Jazan Economic City (the "JEC") has been designated as the industrial zone for such cooperation and is under the joint management of the PRC and Saudi Arabia.

To implement Vision 2030, Saudi Arabia is constructing six economic cities with the JEC being one of them. Situated at the southwest corner of Saudi Arabia and adjacent to the Red Sea, the JEC enjoys convenient transportation. In addition, Saudi Aramco , the largest oil company in the world, is building a refinery plant with an annual crude oil processing capacity of up to 20 million tons. The downstream petrochemical industries will be greatly benefited. Under Vision 2030, to assist the foreign investors in the JEC, the Saudi government provides a series of incentive policies covering:

- Project Land: only a token rent is charged
- Energy Supply: internationally competitive prices for energies such as electricity and natural gas

- Financing Support: long-term and low interest rate loans are provided by the Saudi Industrial Development Fund
- Import Tariff: tariff exceptions on reasonable equipment and raw material imports
- Sales Backing: local products are prioritized to sell as per government policies
- Human Resources: subsidies on employee salaries and training costs

Pan-Asia PET Resin (Guangzhou) Co., Ltd. (the "Pan Asia"), a wholly-owned subsidiary of Full Apex (Holdings) Limited (the "Company") is the leading investor and manufacturer of Polyethylene Terephthalate ("PET") resin in the PRC. Pan-Asia is planning to expand to upstream industries. The company will invest about 3 billion US dollars to build a petrochemical & chemical fiber integrated project (the "Project") in the JEC. The Project will be constructed in 3 stages, and about US\$1.04 billion will be invested in Stage One. The petrochemical equipment in Stage One will mainly produce Purified Terephthalic Acid ("PTA") and PET. Details of Stage One are as follows:

- PET Plant (an annual capacity of 500 thousand tons)
- PTA Plant (an annual capacity of 1.25 million tons)
- Water Treatment Plant
- High Pressure Steam Boiler, Pipe Network & Tank Farm Plant
- Benzoic Acid Recovery, Products Storage & Transportation Plant
- Catalyst Preparation & Cooling Water Plant

The Project is located closely to the refinery complex of Saudi Aramco in JEC which is currently under construction. The refinery has an annual crude oil processing capacity of 20 million tons. Paraxylene ("PX") produced by the refinery will be used to produce PTA and PET. The project is under examination and approval process by both Chinese and Saudi governments. We are considering various ways of financing for this Project including but not limited to loan from Saudi Industrial Development Fund, capital funds from strategic partners etc. We are endeavoring to ensure the Project can start construction in 2018 and be completed within approximately 30 months. The Project is expected to commence production in 2020.

The Project is moving forward step by step. The Company will announce the project progress regarding approvals, financing and construction, etc. in a timely manner.