

FULL APEX (HOLDINGS) LIMITED

(Incorporated in Bermuda)

Third Quarter Financial Statement for the Period Ended 30 September 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			Group		
	3rd Qtr 2016 ("3Q2016") RMB'000	3rd Qtr 2015 ("3Q2015") RMB'000	+/(-) %	9 Months 2016 ("9M2016") RMB'000	9 Months 2015 ("9M2015") RMB'000	+/(-) %
Revenue (Note 1)	241,925	238,377	1.5	783,867	786,038	(0.3)
Cost of sales	(230,707)	(214,026)	7.8	(746,848)	(697,448)	7.1
GROSS PROFIT (Note 2)	11,218	24,351	(53.9)	37,019	88,590	(58.2)
Other income and gains (Note 3)	17,603	3,619	386.4	18,360	5,447	237.1
Selling and distribution costs (Note 4)	(2,967)	(5,406)	(45.1)	(8,604)	(13,580)	(36.6)
Administrative expenses	(12,052)	(10,409)	15.8	(31,924)	(32,476)	(1.7)
Other operating expenses (Note 5)	(22,536)	179	NM	(21,533)	(9,763)	120.6
Finance costs (Note 6)	(7,760)	(8,160)	(4.9)	(21,589)	(25,248)	(14.5)
(LOSS)/PROFIT BEFORE INCOME TAX	(16,494)	4,174	NM	(28,271)	12,970	NM
Income tax expense	(732)	(2,247)	(67.4)	(2,022)	(5,939)	(66.0)
(LOSS)/PROFIT FOR THE PERIOD	(17,226)	1,927	NM	(30,293)	7,031	NM
(Loss)/Profit for the period attributable to: Owners of the Company	(17,226)	1,927	NM	(30,293)	7,031	NM
	(17,226)	1,927	NM	(30,293)	7,031	NM

1(a)(ii) Statement of comprehensive income

	Group			Group		
	3rd Qtr 2016 RMB'000	3rd Qtr 2015 RMB'000	+/(-) %	9 Months 2016 RMB'000	9 Months 2015 RMB'000	+/(-) %
(Loss)/Profit for the period	(17,226)	1,927	NM	(30,293)	7,031	NM
Total comprehensive income for the period	(17,226)	1,927	NM	(30,293)	7,031	NM
Total comprehensive income for the period attributable to: Owners of the Company	(17,226)	1,927	NM	(30,293)	7,031	NM
	(17,226)	1,927	NM	(30,293)	7,031	NM

NM = not meaningful

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

	Group			Group		
	3rd Qtr 2016 RMB'000	3rd Qtr 2015 RMB'000	+/(-) %	9 Months 2016 RMB'000	9 Months 2015 RMB'000	+/(-) %
Dividend income	-	-	-	1	-	NM
Interest income	21	298	(93.0)	81	754	(89.3)
Gains on disposal of property, plant and equipment	192	-	NM	192	-	NM
Fair value gains/(losses) on financial assets at fair value through profit or loss	7	(16)	NM	10	(13)	NM
Gain on disposal of wholly-owned subsidiary (Note 7)	16,816	-	NM	16,816	-	NM
Sale of scrap products	427	3,337	(87.2)	1,120	4,706	(76.2)
Rental income	140	-	NM	140	-	NM
Other income and gains	17,603	3,619	386.4	18,360	5,447	237.1
Fair value losses on derivative financial instruments (Note 8)	-	-	NM	-	8,336	NM
Net foreign exchange losses/(gain) (Note 5)	22,536	(179)	NM	21,533	1,427	1,409.0
Other operating expenses	22,536	(179)	NM	21,533	9,763	120.6
Interest expenses	7,760	8,160	(4.9)	21,589	25,248	(14.5)
Depreciation and amortisation	23,721	20,671	14.8	61,200	68,754	(11.0)

NM = not meaningful

A. Notes:

1. The marginal increase in revenue was due mainly to the higher sales from the polyethylene terephthalate ("PET") resin business which is also offsetted by lower sales of PET bottle business. With the closing down of the Group's PET bottle plants in Shenzhen and Tianjin in 4Q2015, sales contribution from PET bottles business decreased by 47.5% in 3Q2016 as compared to 3Q2015. However, sales contribution of PET bottles only accounted for 14.7% of total turnover in 3Q2015.
2. The overall decrease in gross profit in 3Q2016 was due mainly to a significant erosion of gross margin in the PET resin business.
3. The increase in other income and gains was due to the gain on disposal of Qingdao Full Apex Packing Vessel Co. Ltd. ("QFA") in 3Q2016 as explained in Note 7 below.
4. The decrease in selling and distribution costs of 3Q2016 was due mainly to decrease of distribution expenses for PET preforms with the closing down of the Group's PET bottle plants in Shenzhen and Tianjin in 4Q2015.
5. The increase in other operating expenses was due mainly to the increase in net foreign exchange losses in 3Q2016 arising from the depreciation of the Reminbi against the US dollar.
6. The decrease in finance costs was due mainly to lower effective interest rate.
7. On 26 June 2016, the Group entered into a sale and purchase agreement to dispose QFA, a wholly-owned subsidiary of the Group, to an independent third party. The disposal has been completed on 28 September 2016 and the consideration of RMB23.8 million was fully received.

8. Fair value losses on derivative financial instruments represents 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.

- 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 were no exceptional items and extraordinary items during the period.

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

	Group		Company	
	30 Sept 2016 RMB'000	31 Dec 2015 RMB'000	30 Sept 2016 RMB'000	31 Dec 2015 RMB'000
ASSETS AND LIABILITIES				
NON-CURRENT ASSETS				
Property, plant and equipment	743,168	802,119	-	-
Prepaid land lease payments	81,170	85,492	-	-
Interests in subsidiaries	-	-	153,021	153,021
Deferred tax assets	1,067	1,067	-	-
Prepayments	5,022	5,150	-	-
	<u>830,427</u>	<u>893,828</u>	<u>153,021</u>	<u>153,021</u>
CURRENT ASSETS				
Inventories (Note 1)	423,148	326,887	-	-
Trade and bills receivables	347,625	387,729	-	-
Deposits, prepayments and other receivables	169,524	149,993	29	115
Financial assets at fair value through profit or loss	37	26	-	-
Amounts due from subsidiaries	-	-	470,331	471,137
Amounts due from brokers (Note 2)	24	24	-	-
Cash and bank balances	31,685	65,766	32	32
	<u>972,043</u>	<u>930,425</u>	<u>470,392</u>	<u>471,284</u>
CURRENT LIABILITIES				
Trade and bills payables (Note 3)	11,580	116,720	-	-
Accruals, deposits received and other payables	17,509	19,862	1,011	1,260
Interest-bearing borrowings	650,559	536,582	-	-
Current tax liabilities	10,695	10,529	-	-
	<u>690,343</u>	<u>683,693</u>	<u>1,011</u>	<u>1,260</u>
NET CURRENT ASSETS	<u>281,700</u>	<u>246,732</u>	<u>469,381</u>	<u>470,024</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>1,112,127</u>	<u>1,140,560</u>	<u>622,402</u>	<u>623,045</u>
NET ASSETS	<u>1,112,127</u>	<u>1,140,560</u>	<u>622,402</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	932,815	961,248	443,090	443,733
TOTAL EQUITY	<u>1,112,127</u>	<u>1,140,560</u>	<u>622,402</u>	<u>623,045</u>

Notes:

1. The increase in inventories was due mainly to higher raw material purchase for PET resin production in 3Q2016.
2. Amounts due from brokers represent deposits in the commodity brokers' trust account relating to the commodity future contracts.
3. The decrease in trade and bills payables was due mainly to the Group drawn down short term bank loans from PRC banks to purchase raw materials instead of bills in 3Q2016.

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

Amount repayable in one year or less, or on demand

As at 30/09/2016		As at 31/12/2015	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
650,559	-	536,582	-

Amount repayable after one year

As at 30/09/2016		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 30 September 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 cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group			
	3rd Qtr 2016 RMB'000	3rd Qtr 2015 RMB'000	9 Months 2016 RMB'000	9 Months 2015 RMB'000
Cash flows from operating activities				
(Loss)/Profit before income tax	(16,494)	4,174	(28,271)	12,970
Adjustments for:				
Interest income	(21)	(298)	(81)	(754)
Amortisation of prepaid land lease payments	766	706	2,120	2,119
Depreciation	22,955	19,964	59,080	66,634
Fair value (gains)/ losses on financial assets at fair value through profit or loss	(7)	16	(10)	13
Fair value losses on derivatives financial instruments	-	-	-	8,336
Interest expenses	7,760	8,160	21,589	25,248
Gains on disposal of property, plant and equipment	(192)	-	(192)	-
Net foreign exchange losses arising from translation of borrowings	21,218	-	21,329	-
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Operating profit before working capital changes	35,985	32,722	75,564	114,566
Decrease/(Increase) in inventories	13,206	25,012	(96,261)	7,981
Decrease in trade and bills receivables	19,203	20,672	40,104	43,427
(Increase)/Decrease in deposits, prepayments and other receivables	(10,838)	1,848	(19,289)	6,539
(Decrease)/Increase in trade and bills payables	(7,303)	(63,806)	(105,140)	64,558
(Decrease)/Increase in accruals, deposits received and other payables	(3,726)	(9,524)	(277)	6,648
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Cash generated from/(used in) operations	46,527	6,924	(105,299)	243,719
Income tax paid	(566)	(2,088)	(1,856)	(3,992)
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Net cash generated from/(used in) operating activities	45,961	4,836	(107,155)	239,727
Cash flows from investing activities				
Purchases of property, plant and equipment	(561)	(407)	(837)	(625)
Proceeds from disposals of property, plant and equipment	900	-	900	-
Bank interest received	21	298	81	754
Decrease in margin deposits placed with brokers	-	-	-	18,436
Settlement of derivatives financial instruments	-	-	-	(19,017)
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Net cash generated from/(used in) investing activities	360	(109)	144	(452)
Cash flows from financing activities				
Decrease/(Increase) in pledged bank deposits	782	(1,215)	20,236	(31,837)
Proceeds from interest-bearing borrowings	95,460	159,555	440,283	429,955
Repayments of interest-bearing borrowings	(149,768)	(170,773)	(369,780)	(597,624)
Payments for acquisition of additional interest in subsidiaries	(6,171)	(887)	(6,171)	(1,774)
Proceeds from disposal of subsidiary	23,800	-	23,800	-
Interest paid	(7,401)	(7,743)	(22,627)	(25,596)
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Net cash (used in)/generated from financing activities	(43,298)	(21,063)	85,741	(226,876)
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Net increase/(decrease) in cash and cash equivalents	3,023	(16,336)	(21,270)	12,399
Cash and cash equivalents at beginning of period	15,666	84,921	40,007	56,186
Effect of foreign exchange rate changes, net	7,473	-	7,425	-
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Cash and cash equivalents at end of period	26,162	68,585	26,162	68,585
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Analysis of balances of cash and cash equivalents				
Amounts due from brokers	24	24	24	24
Cash on hand and at banks	31,685	109,010	31,685	109,010
Less: restricted deposits (Note 1)	(5,547)	(40,449)	(5,547)	(40,449)
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26,162	68,585	26,162	68,585
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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

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 Equity RMB'000
At 1 Jan 2015	184,319	(5,007)	318,742	1,492	106,841	(1,880)	801,327	1,405,834
Profit for the period, representing total comprehensive income for the period	-	-	-	-	-	-	5,104	5,104
Transfer to statutory reserves	-	-	-	-	1,120	-	(1,120)	-
At 30 Jun 2015	184,319	(5,007)	318,742	1,492	107,961	(1,880)	805,311	1,410,938
Profit for the period, representing total comprehensive income for the period	-	-	-	-	-	-	1,927	1,927
Transfer to statutory reserves	-	-	-	-	670	-	(670)	-
At 30 Sept 2015	184,319	(5,007)	318,742	1,492	108,631	(1,880)	806,568	1,412,865
At 1 Jan 2016	184,319	(5,007)	318,742	1,492	108,511	(325)	532,828	1,140,560
Loss for the period	-	-	-	-	-	-	(13,067)	(13,067)
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)	(13,067)	(13,115)
Transfer to statutory reserves	-	-	-	-	400	-	(400)	-
At 30 Jun 2016	184,319	(5,007)	318,742	1,492	108,911	(373)	519,361	1,127,445
Loss for the period	-	-	-	-	-	-	(17,226)	(17,226)
Exchange gains on translation of financial statements of foreign operations, net of tax amounting to RMB Nil	-	-	-	-	-	1,908	-	1,908
Total comprehensive income for the period	-	-	-	-	-	1,908	(17,226)	(15,318)
Transfer to statutory reserves	-	-	-	-	220	-	(220)	-
At 30 Sept 2016	184,319	(5,007)	318,742	1,492	109,131	1,535	501,915	1,112,127

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	-	-	-	(197)	(197)
At 30 Jun 2015	184,319	(5,007)	318,742	125,288	623,342
Loss for the period, representing total comprehensive income for the period	-	-	-	(203)	(203)
At 30 Sept 2015	184,319	(5,007)	318,742	125,085	623,139
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	-	-	-	(609)	(609)
At 30 Jun 2016	184,319	(5,007)	318,742	124,382	622,436
Loss for the period, representing total comprehensive income for the period	-	-	-	(34)	(34)
At 30 Sept 2016	184,319	(5,007)	318,742	124,348	622,402

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 well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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

During 2Q2016, in order to fulfill the Minimum Trading Price Requirement of SGX-ST, the Company has proposed a consolidation of every twenty existing ordinary shares with a par value of HK\$0.20 each in the authorised and issued capital of the Company into one consolidated share with a par value of HK\$4.00 in the authorised and issued capital of the Company, fractional entitlements to be disregarded. The proposed share consolidation was passed in a Special General Meeting held on 28 April 2016 and completed on 30 May 2016.

As at 30 September 2016, 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 2015: 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 44,173,887 ordinary shares of HK\$4.00 each (31 December 2015: 883,477,752 ordinary shares of HK\$0.20 each).

As at 30 September 2016, the Company had 206,850 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	
	30 Sept 2016	31 Dec 2015
Total number of issued shares (excluding treasury shares)	43,967,037	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 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 Company'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 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 period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	Group			
	3rd Qtr 2016	3rd Qtr 2015 (Adjusted)	9 Months 2016	9 Months 2015 (Adjusted)
(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)	(39.18)	4.38	(68.90)	15.99
(ii) On a fully diluted basis (RMB cents)	N/A	N/A	N/A	N/A

Basic (losses)/earnings per share for 9M2016 is calculated based on the Group's net losses attributable to the owners of the Company of RMB30,293,000 (9 months ended 30 September 2015 ("9M2015"): net earnings attributable to the owners of the Company of RMB7,031,000) divided by the weighted average number of 43,967,037 ordinary shares of HK\$4.00 each in issued during the period (9M2015: 43,967,037 ordinary shares of HK\$4.00 each adjusted after effect of consolidation).

Basic (losses)/earnings per share for 3Q2016 is calculated based on the Group's net losses attributable to the owners of the Company of RMB17,226,000 (3Q2015: net earnings attributable to the owners of the Company of RMB1,927,000) divided by the weighted average number of 43,967,037 ordinary shares of HK\$4.00 each in issued during the period (3Q2015: 43,967,037 ordinary shares of HK\$4.00 each adjusted after effect of consolidation).

Diluted earnings per share for 9M2016 and 9M2015 have not been presented as there is no potential ordinary share in existence during the period.

Diluted earnings per share for 3Q2016 and 3Q2015 have not been presented as there is no potential ordinary share in existence during the period.

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

	Group			
	3Q2016	3Q2015 (Adjusted)	9M2016	9M2015 (Adjusted)
Weighted average number of ordinary shares for basic earnings per share	43,967,037	43,967,037	43,967,037	43,967,037
Effect of dilution:				
Share options	N/A	N/A	N/A	N/A
Adjusted weighted average number of ordinary shares for diluted earnings per share	N/A	N/A	N/A	N/A

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

	30 Sept 2016	Group 31 Dec 2015 (Adjusted)	+/(-) %	30 Sept 2016	Company 31 Dec 2015 (Adjusted)	+/(-) %
Net asset value ("NAV") attributable to the owners of the Company per ordinary share (RMB cents)	2,529.5	2,594.1	(2.5)	1,415.6	1,417.1	(0.1)

The NAV per share attributable to the owners of the Company as at 30 September 2016 have been calculated based on 43,967,037 ordinary shares of HK\$4.00 each (31 December 2015: 43,967,037 ordinary shares of HK\$4.00 each adjusted after effect of consolidation).

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

3Q2016 versus 3Q2015

Group revenue increase by 1.5% or RMB3.5 million from RMB238.4 million to RMB241.9 million. Increase sales in PET resin business was offset by lower sales of PET bottle business. In 4Q2015, a major customer for the PET bottle plant in Tianjin closed down its plant. The same customer for the PET bottle plant in Shenzhen has also shifted some of its production to other locations 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 reduced level of orders. Therefore, the Group closed down the PET bottle plants in Tianjin and Shenzhen at end of 2015. With the closing down of the PET bottle plants in Shenzhen and Tianjin, sales contribution from the PET bottles business decreased by 47.5% in 3Q2016 as compared to 3Q2015. However, sales contribution of PET bottles only accounted for 14.7% of total turnover in 3Q2015.

The overall decrease in gross profit margin in 3Q2016 was due mainly to a significant erosion of gross margin in the PET resin business.

Other income and gains increased by RMB14.0 million from RMB3.6 million to RMB17.6 million was mainly due to the Group dispose QFA, its wholly-own subsidiary in China, to an independent third party during 3Q2016.

With the significant depreciation of Reminbi against US dollar in 2016, the Company incurred a net foreign exchange losses of RMB22.5 million. As a result, profit before income tax decreased RMB20.7 million from RMB4.2 million to loss before income tax of RMB16.5 million. Profit after tax decreased RMB19.1 million from RMB1.9 million to loss after tax of RMB17.2 million.

Net profit attributable to the owners of the Company decreased RMB19.1 million from RMB1.9 million to net loss attributable to the owners of the Company of RMB17.2 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

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 between 50% to 60% of full capacity. Gross profit margins will continue to be under pressure due to weak demand.

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

On 22 June 2016, the Company announced that it has entered into a sale and purchase agreement with an independent third party to dispose all of its equity interest in its wholly-owned subsidiary Qingdao Full Apex Packing Vessel Co., Ltd. The disposal has been completed on 28 September 2016 and the consideration of RMB23.8 million was fully received.

As at 30 September 2016, the Company missed the payment of two instalments of the syndicated loan amounted to USD9.2 million. However, the Company has repaid part of the instalments (USD2.3 million) during 2016. All overdue and current interests were also paid during the period. 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 loan. The Company is also in negotiation with other non-syndicated loan bankers to restructure the existing bank facilities. Some of the syndicated loan bankers have appointed an IFA as part of the negotiation process.

On 10 November 2016, the Company entered into a Memorandum of Understanding ("MOU") with National Industrial Clusters Development Program ("NICDP") 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 ("PTA"), PET and other polyester products at Jazan Economic City 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. For more details, please refer to a separate announcement released by the Company on 14 November 2016.

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/recommendeded, a statement to that effect

No dividend was declared for the quarter ended 30 September 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 nine months and third quarter ended 30 September 2016 to be false or misleading in any material aspect.

19. Confirmation by Directors pursuant to Rule 720(1) of the Listing Manual of the SGX-ST

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

14/11/2016

(Signed)
Liang Huiying
Director