

## FULL APEX (HOLDINGS) LIMITED

(Incorporated in Bermuda)

### FIRST QUARTER FINANCIAL STATEMENT ANNOUNCEMENT FOR THE PERIOD ENDED 31 MARCH 2014

#### 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		+/(-) %
	1Q2014 RMB'000	1Q2013 RMB'000	
Revenue (Note 1)	311,130	494,078	(37.0)
Cost of sales	(338,290)	(448,730)	(24.6)
GROSS (LOSS)/PROFIT (Note 2)	(27,160)	45,348	NM
Other income and gains	360	1,132	(68.2)
Selling and distribution costs (Note 3)	(6,779)	(8,671)	(21.8)
Administrative expenses	(12,638)	(13,862)	(8.8)
Other operating expenses (Note 4)	(3,132)	-	N/A
Finance costs (Note 5)	(6,197)	(9,041)	(31.5)
(LOSS)/PROFIT BEFORE INCOME TAX	(55,546)	14,906	NM
Income tax expense	(278)	(5,422)	(94.9)
(LOSS)/PROFIT FOR THE PERIOD	(55,824)	9,484	NM
(Loss)/Profit for the period attributable to:			
Owners of the Company	(55,574)	9,664	NM
Non-controlling interests	(250)	(180)	38.9
	(55,824)	9,484	NM

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

	Group		+/(-) %
	1Q2014 RMB'000	1Q2013 RMB'000	
(Loss)/Profit for the period	(55,824)	9,484	NM
Other comprehensive income for the period:			
Exchange losses on translation of financial statements of foreign operations, net of tax amounting to RMB Nil	-	-	-
Total comprehensive income for the period	(55,824)	9,484	NM
Total comprehensive income for the period attributable to:			
Owners of the Company	(55,574)	9,664	NM
Non-controlling interests	(250)	(180)	38.9
	(55,824)	9,484	NM

NM = not meaningful

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

	Group		
	1Q2014 RMB'000	1Q2013 RMB'000	+/(-) %
Interest income	158	150	5.3
Net foreign exchange (losses)/gains	(672)	135	NM
Losses on disposals of property, plant and equipment	-	(97)	(100.0)
Fair value losses on financial assets at fair value through profit or loss	(1)	(14)	(92.9)
Sale of scrap products	875	958	(8.7)
Other income and gains	360	1,132	(68.2)
Fair value losses on derivative financial instruments (Note 4)	(3,132)	-	N/A
Other operating expenses	(3,132)	-	N/A
Interest expenses	6,197	9,041	(31.5)
Depreciation and amortisation	24,758	24,623	0.5

NM = not meaningful

#### A. Notes

1. The decrease in revenue was due mainly to a decrease in sales from the polyethylene terephthalate ("PET") resin business resulting from a decrease in sales volume and lower selling prices.
2. The decrease in gross profit was due mainly to a write-down of inventories to net realisable value which amounted to RMB50.5 million. This resulted from the continuing decline in raw material prices.
3. The decrease in selling and distribution costs is in line with the decrease in revenue.
4. Other operating expenses represent the fair value losses incurred in commodity future contracts taken to hedge principal raw material requirements of the Group against confirmed orders received in the 1Q2014.
5. The decrease in finance costs was in line with the decrease in interest-bearing borrowings.

- 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 2014 RMB'000	31 Dec 2013 RMB'000	31 Mar 2014 RMB'000	31 Dec 2013 RMB'000
<b>ASSETS AND LIABILITIES</b>				
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	1,167,239	1,154,446	-	-
Prepaid land lease payments	88,587	89,234	-	-
Interests in subsidiaries	-	-	151,842	151,842
Prepayments	5,451	5,494	-	-
	<u>1,261,277</u>	<u>1,249,174</u>	<u>151,842</u>	<u>151,842</u>
<b>CURRENT ASSETS</b>				
Inventories (Note 1)	492,637	641,886	-	-
Trade and bills receivables (Note 2)	270,232	337,662	-	-
Deposits, prepayments and other receivables	244,560	272,355	86	151
Financial assets at fair value through profit or loss	35	36	-	-
Amounts due from subsidiaries	-	-	473,115	473,668
Derivative financial instruments (Note 3)	2,628	-	-	-
Current tax recoverable	1,279	1,314	-	-
Amounts due from brokers (Note 4)	4,945	4,957	-	-
Cash and bank balances	192,439	109,416	32	32
	<u>1,208,755</u>	<u>1,367,626</u>	<u>473,233</u>	<u>473,851</u>
<b>CURRENT LIABILITIES</b>				
Trade and bills payables	246,209	215,001	-	-
Accruals, deposits received and other payables	12,700	18,876	776	1,261
Derivative financial instruments (Note 3)	-	96	-	-
Interest-bearing borrowings	483,921	598,198	-	-
Current tax liabilities	10,984	12,933	-	-
	<u>753,814</u>	<u>845,104</u>	<u>776</u>	<u>1,261</u>
<b>NET CURRENT ASSETS</b>	<u>454,941</u>	<u>522,522</u>	<u>472,457</u>	<u>472,590</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<u>1,716,218</u>	<u>1,771,696</u>	<u>624,299</u>	<u>624,432</u>
<b>NON-CURRENT LIABILITIES</b>				
Interest-bearing borrowings	250,611	250,265	-	-
Deferred tax liabilities	36,453	36,453	-	-
	<u>287,064</u>	<u>286,718</u>	<u>-</u>	<u>-</u>
<b>NET ASSETS</b>	<u>1,429,154</u>	<u>1,484,978</u>	<u>624,299</u>	<u>624,432</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	1,224,008	1,279,582	444,987	445,120
	<u>1,403,320</u>	<u>1,458,894</u>	<u>624,299</u>	<u>624,432</u>
<b>NON-CONTROLLING INTERESTS</b>	<u>25,834</u>	<u>26,084</u>	<u>-</u>	<u>-</u>
<b>TOTAL EQUITY</b>	<u>1,429,154</u>	<u>1,484,978</u>	<u>624,299</u>	<u>624,432</u>

**Notes**

1. The decrease in inventories was due mainly to lower raw material purchases made for PET resin production.
2. The decrease in trade and bills receivables was in line with the decrease in revenue.
3. Derivative financial instruments represent the fair value of commodity future contracts entered in 1Q2014 for hedge against principal raw material requirements of the Group.
4. 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 31/3/2014		As at 31/12/2013	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
386,032	97,889	278,159	320,039

**Amount repayable after one year**

As at 31/3/2014		As at 31/12/2013	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
250,611	-	250,265	-

**Details of any collateral**

The Group's bank loans bear interest ranging from 2% to 8% per annum. As at 31 March 2014, the Group's secured borrowings were supported by the following:

- (i) Cross-guarantees executed by the Company and/or certain subsidiaries of the Company; and
- (ii) Guarantee executed by the Government of Hong Kong Special Administrative Region under the Special Loan Guarantee Scheme.

**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	
	1Q2014 RMB'000	1Q2013 RMB'000
<b>Cash flows from operating activities</b>		
(Loss)/Profit before income tax	(55,546)	14,906
Adjustments for:		
Losses on disposals of property, plant and equipment	-	97
Interest income	(158)	(150)
Fair value losses on financial assets at fair value through profit or loss	1	14
Interest expenses	6,197	9,041
Amortisation of prepaid land lease payments	647	647
Depreciation	24,111	23,976
Fair value losses on derivative financial instruments	3,132	-
Write-down of inventories to net realisable value	50,500	-
	<hr/>	<hr/>
Operating profit before working capital changes	28,884	48,531
Decrease/(Increase) in inventories	98,749	(113,055)
Decrease/(Increase) in trade and bills receivables	67,430	(107,947)
Decrease in deposits, prepayments and other receivables	24,991	132,346
Increase in trade and bills payables	31,208	192,386
(Decrease)/Increase in accruals, deposits received and other payables	(1,270)	4,354
	<hr/>	<hr/>
Cash generated from operations	249,992	156,615
Income tax paid	(2,192)	(383)
	<hr/>	<hr/>
Net cash generated from operating activities	247,800	156,232
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(36,904)	(72)
Proceeds from disposals of property, plant and equipment	-	220
Bank interest received	158	150
Decrease in margin deposits placed with brokers	2,847	-
Settlement of derivative financial instruments	(5,856)	-
	<hr/>	<hr/>
Net cash (used in)/generated from investing activities	(39,755)	298
<b>Cash flows from financing activities</b>		
(Increase)/Decrease in pledged bank deposits	(14,797)	22,685
Proceeds from interest-bearing borrowings	225,507	140,003
Repayments of interest-bearing borrowings	(339,783)	(342,182)
Interest paid	(10,758)	(8,739)
	<hr/>	<hr/>
Net cash used in financing activities	(139,831)	(188,233)
Net increase/(decrease) in cash and cash equivalents	68,214	(31,703)
Cash and cash equivalents at 1 January	91,281	102,963
Effect of foreign exchange rate changes, net	-	-
Cash and cash equivalents at 31 March	<hr/>	<hr/>
	159,495	71,260
<b>Analysis of balances of cash and cash equivalents</b>		
Amounts due from brokers	4,945	20
Cash on and bank balances	192,439	99,415
Less: restricted deposits (Note 1)	(37,889)	(28,175)
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	159,495	71,260

**Notes**

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.**

The Group	Equity attributable to the owners of the Company							Total	Non-controlling interests	Total equity
	Share capital	Treasury shares	Share premium	Capital reserves	Statutory reserves	Foreign translation reserves	Retained profits			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 Jan 2013	184,319	(5,007)	318,742	1,492	101,161	(1,140)	854,379	1,453,946	30,184	1,484,130
Profit for the period, representing total comprehensive income for the period	-	-	-	-	-	-	9,664	9,664	(180)	9,484
Transfer to statutory reserves	-	-	-	-	1,610	-	(1,610)	-	-	-
At 31 Mar 2013	184,319	(5,007)	318,742	1,492	102,771	(1,140)	862,433	1,463,610	30,004	1,493,614
At 1 Jan 2014	184,319	(5,007)	318,742	1,492	105,761	(1,880)	855,467	1,458,894	26,084	1,484,978
Loss for the period, representing total comprehensive income for the period	-	-	-	-	-	-	(55,574)	(55,574)	(250)	(55,824)
Transfer to statutory reserves	-	-	-	-	100	-	(100)	-	-	-
At 31 Mar 2014	184,319	(5,007)	318,742	1,492	105,861	(1,880)	799,793	1,403,320	25,834	1,429,154

The Company	Share capital	Treasury shares	Share premium	Retained profits	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 Jan 2013	184,319	(5,007)	318,742	124,209	622,263
Loss for the period, representing total comprehensive income for the period	-	-	-	(882)	(882)
At 31 Mar 2013	184,319	(5,007)	318,742	123,327	621,381
At 1 Jan 2014	184,319	(5,007)	318,742	126,378	624,432
Loss for the period, representing total comprehensive income for the period	-	-	-	(133)	(133)
At 31 Mar 2014	184,319	(5,007)	318,742	126,245	624,299

**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 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 2014, the Company's authorised capital was 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 2013: HK\$176,695,550) divided into 883,477,752 ordinary shares (31 December 2013: 883,477,752 ordinary shares) of HK\$0.20 each.

As at 31 March 2014, the Company had 4,137,000 treasury shares (31 December 2013: 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	
	31 Mar 2014	31 Dec 2013
Total number of issued shares (excluding treasury shares)	879,340,752	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 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 2013.

**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 2014. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective new IFRSs.

The following are the new or amended IFRSs that are relevant to the Group:

- (i) IFRS 10, IFRS 12 and IAS 27 (Amendments) - Investment Entities
- (ii) IAS 32 (Amendments) - Presentation - Offsetting Financial Assets and Financial Liabilities
- (iii) IAS 36 (Amendments) - Recoverable Amount Disclosures
- (iv) IAS 39 (Amendments) - Novation of Derivatives and Continuation of Hedge Accounting
- (v) IFRIC 21 - Levies

The adoption of the above did 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.**

	Group	
	1Q2014	1Q2013
(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)	(6.32)	1.10
(ii) On a fully diluted basis (RMB cents)	N/A	N/A

Basic losses per share for 1Q2014 is calculated based on the Group's net loss attributable to the owners of the Company of RMB55,574,000 (1Q2013: net profit attributable to the owners of the Company of RMB9,664,000) divided by the weighted average number of 879,340,752 ordinary shares (1Q2013: 879,340,752 ordinary shares) of HK\$0.20 each in issued during the period.

Diluted earnings per share for 1Q2014 and 1Q2013 was not presented as there is no potential dilutive ordinary share in existence during the period.

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

	Group	
	1Q2014	1Q2013
Weighted average number of ordinary shares for basic earnings per share	879,340,752	879,340,752
Effect of dilution:		
Share options	N/A	N/A
Adjusted weighted average number of ordinary shares for diluted earnings per share	N/A	N/A

**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 2014	31 Dec 2013	+/(-) %	31 Mar 2014	31 Dec 2013	+/(-) %
Net asset value ("NAV") attributable to the owner of the Company per ordinary share (RMB cents)	159.6	165.9	(3.8)	71.0	71.0	-

The NAV per share attributable to the owners of the Company as at 31 March 2014 have been calculated based on 879,340,752 ordinary shares (31 December 2013: 879,340,752 ordinary shares) of HK\$0.20 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**

**1Q2014 versus 1Q2013**

Group revenue decreased by 37.0% or RMB183.0 million from RMB494.1 million to RMB311.1 million due mainly to lower sales from the PET resin business. Both sales volume and unit prices of PET resin saw a decline.

In 1Q2014, selling prices continued to decline in line with raw material prices due to credit tightening policies in the People's Republic of China ("PRC"). This resulted in a write down in the Group's inventories to net realisable value by RMB50.5 million.

Contrary to previous trends of increasing prices noted in the corresponding quarter, raw material prices had declined in 1Q2014.

The continuing competitive market environment had a negative impact on the overall gross profit margin which declined from 9.2% to 7.5%. However, with the inventory impairment of RMB 50.5 million, the overall gross profit margin further declined to -8.7%.

As a result, profit before income tax decreased by RMB70.4 million from RMB14.9 million to a loss before income tax of RMB55.5 million. Profit after tax decreased by RMB65.3 million from RMB9.5 million to a loss after tax of RMB55.8 million.

Net profit attributable to the owners of the Company decreased by RMB65.3 million from RMB9.7 million to a net loss of RMB55.6 million.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

The Company issued a profit warning announcement on 9 May 2014.

**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.**

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 in order to fully utilise its production capacity and further improve operational efficiency to reduce unit costs.

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

The continuing decline in raw material prices will have a negative impact on the Company's inventory.

## 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 2014.

**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 year.

- 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 2014 to be false or misleading in any material aspect.

For and on behalf of the  
Board of Directors of  
FULL APEX (HOLDINGS) LIMITED

(Signed)  
Guan Lingxiang  
Executive Chairman

(Signed)  
Liang Huiying  
Director

15/5/2014