

FULL APEX (HOLDINGS) LIMITED

(Incorporated in Bermuda)

(Company Registration No.: 31906)

BUSINESS UPDATE

Currently, the total annual output of polyester products (including filament, staple fiber, bottle grade polyethylene terephthalate chips ("**bottle grade PET resin**"), thin film, etc.) in the People's Republic of China ("**China**"), is approximately 36.8 million tons, of which approximately 5.6 million tons, accounting for 15.2% of the total output of polyester products, are recycled polyester products produced from waste bottle grade PET resin, waste polyester filament, waste blocks etc. through recycle production process. Out of the 5.6 million tons of recycled polyester products, approximately 3 million tons are imported waste bottle grade PET resin. China's dependence on foreign input of key raw material to manufacture polyester products is up to 40%.

With the improvement of living standards and the increasing emphasis on the ecological environment, China has placed great importance to the management of solid waste imports for the protection of the ecological environment. In April 2017, the State Council of China introduced the *Implementation Program for Prohibition on Foreign Garbage Imports and Promotion of Reform on Solid Waste Import Management* which proposed (a) the reform of the solid waste import to protect the environment and improve people's health being the core focus; (b) the timetable for prohibition on solid waste imports shall be set by industry and category; (c) the solid waste import management catalog shall be adjusted by batch and category; (d) comprehensive use of legal, economic and administrative means shall be employed to substantially reduce the volume of solid waste imports; and (e) solid waste recycling management shall be strengthened to develop the circular economy.

On 18 July 2017, China formally notified the World Trade Organization that by the end of 2017, the Country will ban trash imports, which includes plastic scrap, waste paper, waste slag and textiles. The ban will come into force at the end of 2017 and import of recycled bottle grade PET resin will commence in January 2018. On 17 August 2017, the Ministry of Environmental Protection, Ministry of Commerce, National Development and Reform Commission, General Administration of Customs and General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China jointly adjusted and revised the recycled PET-related categories in the *Catalog of Solid Waste Imports (2017)*. 24 types of solid waste in 4 categories including waste plastics generated from daily activities (8 types), waste textile raw materials (11 types), were transferred from the *Catalog of Solid Waste That can be Used as Raw Materials Under Import Restrictions*, to the *Catalog of Solid Waste Prohibited from Import*.

With the execution of the ban in 2018, the manufacturers of recycled polyester products now have to use original polyester products in place of wasted polyester products.

Given this market opportunity, Pan-Asia PET Resin (Guangzhou) Co., Ltd. ("**Pan-Asia**"), a wholly-owned subsidiary of Full Apex (Holdings) Limited (the "**Company**", and together with its subsidiaries, the "**Group**") has completed the upgrade and transformation of its production equipment during the annual overhaul in November 2017. The Group has also conducted research and has innovated its production process to develop textile chip products. In addition to bottle-grade PET resin, Pan-Asia also has the capabilities to produce fiber grade chips, examples being super bright, bright, semi-dull and dull polyester chips that are widely used in various textile fibers and industrial filaments, thus expanding the market by making up for the simple product structure. In the off-season of bottle grade PET resin, the equipment capacity utilization can be further increased by producing fiber grade chips which helps enlarge the production scale and thus reduce the production cost.

The Originating Application

Jetzen Investment Limited ("**Jetzen**"), a wholly-owned subsidiary of the Company, has been served the Originating Application (Matter No. BVIHC (Com) 2017/0196) by The Eastern Caribbean Supreme Court in the High Court of Justice, wherein the Applicant, Standard Chartered Bank (Hong Kong) Limited (acting as Agent for the Majority Lenders, being Australia and New Zealand Banking Group Limited, BNP Paribas Hong Kong Branch, Fubon Bank (Hong Kong) Limited and Standard Chartered Bank (Hong Kong) Limited), is seeking, *inter alia*, an order for Jetzen to be liquidated due to its inability to settle the outstanding principal and accrued interests under a Facility Agreement dated 20 June 2013 (the "**Facility Agreement**") entered into between Jetzen, the Guarantors, the Mandated Lead Arrangers, the Lenders and the Agent (as defined in the Facility Agreement) in respect of the loan of US\$46,000,000.

The Company is in the course of seeking legal advice in respect of the above matter. The Company will keep its Shareholders and potential investors informed of any further significant developments when appropriate.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

Guan Lingxiang
Executive Chairman
4 December 2017