



Changtian Plastic & Chemical Limited

NEWS RELEASE

CHANGTIAN REPORTS TURNAROUND TO PROFITABILITY IN 2014

- Revenue improves 6.0% to RMB121.0 million
- Net profit of RMB23.6 million partly due to higher gross profit margin and partly due to reversal of impairment losses on property, plant and equipment.
- Strong balance sheet with net cash of RMB961.1 million at end December 2014.

(RMB'million)	4QFY14	4QFY13	Change (%)	FY14	FY13	Change (%)
Revenue	29.4	28.0	5.0	121.0	114.1	6.0
Gross Profit	6.3	5.4	16.2	25.9	15.0	73.1
GP Margin (%)	21.5	19.4	2.1 ppt	21.4	13.1	8.3 ppt
Net Profit	13.7	(35.6)	N.M.	23.6	(41.6)	N.M.
Earnings/(loss) Per Share* (RMB cents)	2.08	(5.40)	N.M.	3.58	(6.31)	N.M.

**The calculation of EPS/(LPS) is computed on the Group's profit/(loss) for the period attributable to the owners of the Company divided by 660,000,000 ordinary shares in issue throughout the three and twelve months ended 31 December 2013 and 2014.*

Singapore, February 28, 2015 – Changtian Plastic & Chemical Limited (“长天实业有限公司”) (“Changtian” or the “Group”) today announced its results for the year ended December 31, 2014 (“FY14”). The Group reported a turnaround profit of RMB23.6 million from a loss of RMB41.6 million for the year ended December 31, 2013 (“FY13”) while revenue increased 6.0% to RMB121.0 million.

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For the three months ended December 31, 2014 (“4QFY14”), the Group reported a net profit of RMB13.7 million, reversing a loss of RMB35.6 million in the three months ended December 31, 2013 (“4QFY13”), while revenue increased 5.0% from RMB28.0 million in 4QFY13 to RMB29.4 million in 4QFY14.

The turnaround from FY13 to FY14 is partly attributable to reversal of impairment losses amounting to RMB6.3 million in FY14, compared to an impairment loss of RMB43.7 million in FY13, made to property, plant and equipment. Gross profit margin improved by 8.3 percentage point because of higher sales volume. Depreciation charges decreased significantly from RMB7.7 million in FY13 to RMB1.3 million because of impairment losses made on certain property, plant and equipment in FY13 and FY12.

Revenue improvement for FY14 was due to higher sales volume despite lower selling prices for most of our products and the suspension of 2-A2MPS production since 4QFY13.

In FY14, sales of adhesive tapes increased 14.2% to RMB68.5 million and accounted for 56.6% of total revenue. UV cured release film contributed 24.8% of overall revenue after a 15.4% increase in revenue to RMB30.0 million. Revenue from release papers increased 19.1% to RMB22.5 million and accounted for 18.6% of group revenue.

Gross profit margin for the Group improved by 8.3 percentage point from 13.1% in FY13 to 21.4% in FY14. UV cured release film recorded the biggest increase in gross profit margin from 13.6% in FY13 to 30.0% in FY14. Adhesive tapes segment improved from 12.8% in FY13 to 18.8% in FY14, while release paper segment reported the smallest increase in gross profit margin of 3.4 percentage point from 14.4% in FY13 to 17.8% in FY14. This is partly attributable to lower depreciation charges on property, plant and machinery after the impairment losses recorded in

2013, and partly attributable to lower raw material costs which were only partially offset by lower selling prices.

Selling and distribution costs increased marginally by 0.2% to RMB4.2 million despite higher sales volume as higher transportation costs were offset by costs incurred in the 2-A2MPS segment which had been in suspension since 4QFY13. Administrative expenses increased 8.7% to RMB17.4 million due to increase of pre-operating expenses incurred for the development of Nylon-6 chips business.

As at 31 December 2014, the Group has a net cash position with cash and balances of RMB961.1 million.

Outlook

Chairman and Executive Director of Changtian, Mr Yang Qingjin (杨清金), said: "The market condition for our products remains very competitive and the company will continue to implement stringent cost control measures to maintain the profitability of existing products."

The Group has signed contracts for the acquisition of machinery and equipment, as well as the construction of a plant and corresponding infrastructure for its Nylon-6 Chip business. It has capital commitment of RMB413.8 million as at end FY14. Construction of the Nylon-6 Chip Plant commenced in mid-September 2014 and around 20% of the works had been completed at the balance sheet date. Furthermore, the group expects the procedures for land swap to be completed by end of second quarter 2015. The Company will provide further update to all shareholders as and when appropriate.

About Changtian

Based in Xiamen, Fujian Province, PRC, Changtian started off as a manufacturer of adhesive tapes before leveraging on its technical expertise to expand into the production of release papers, release film, BOPA film and 2-A2MPS. The Group expanded into the production of UV cured release film in 2008, which has varied applications in the manufacturing process of personal hygiene products.

The Group did not have any production of BOPA film since the fourth quarter of 2010, and has suspended production of 2-A2MPS since the fourth quarter of 2013.

Changtian has been listed on the SGX Mainboard since 9 November 2007.

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