



## Changtian Plastic & Chemical Limited

### NEWS RELEASE

#### CHANGTIAN REPORTS LOSS IN 2015

- Revenue declines 58.0% to RMB50.8 million
- Net loss of RMB7.1 million partly due to lower gross profit and partly due to impairment losses on property, plant and equipment.
- Strong balance sheet with net cash of RMB776.4 million at end December 2015.

(RMB'million)	4QFY15	4QFY14	Change (%)	FY15	FY14	Change (%)
Revenue	10.5	29.4	(64.3)	50.8	121.0	(58.0)
Gross Profit	3.4	6.3	(46.5)	9.0	25.9	(65.4)
GP Margin (%)	32.2	21.5	10.7 ppt	17.7	21.4	(3.7) ppt
Net Profit / (Loss)	(17.5)	13.7	N.M.	(7.1)	23.6	N.M.
(Loss) / Earnings Per Share* (RMB cents)	(26.49)	20.82	N.M.	(10.74)	35.78	N.M.

*\*The calculation of EPS is computed on the Group's profit / (loss) for the period attributable to the owners of the Company divided by 66,000,000 ordinary shares in issue throughout the three and twelve months ended 31 December 2014 and 2015.*

Singapore, February 25, 2016 – 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, 2015 (“FY15”). The Group reported a loss of RMB7.1 million for FY15, compared to a profit of RMB23.6 million for the year ended December 31, 2014 (“FY14”) while revenue decreased 58.0% to RMB50.8 million.

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For the three months ended December 31, 2015 (“4QFY15”), the Group reported a net loss of RMB17.5 million, reversing from a profit of RMB13.7 million in the three months ended December 31, 2014 (“4QFY14”), while revenue declined 64.3% from RMB29.4 million in 4QFY14 to RMB10.5 million in 4QFY15.

The deterioration from FY14 to FY15 is partly attributable to an impairment loss of RMB15.1 million in FY15, compared to a reversal of impairment loss of RMB6.3 million in FY14, made to property, plant and equipment. Gross profit fell by 65.4% because of significant declines in sales volume and average sale prices. Depreciation charges increased from RMB1.3 million in FY14 to RMB2.2 million in FY15 because impairment losses made on property, plant and equipment in FY14 were reversed in FY15.

In FY15, sales of adhesive tapes decreased 63.7% to RMB24.9 million and accounted for 48.9% of total revenue. UV cured release film contributed 36.2% of overall revenue after a 38.7% decrease in revenue to RMB18.4 million. Revenue from release papers decreased 14.9% to RMB7.6 million and accounted for 14.9% of group revenue.

Gross profit margin for the Group deteriorated by 3.7 percentage point from 21.4% in FY14 to 17.7% in FY15. UV cured release film recorded a 2.3 percentage point decline in gross profit margin from 30.0% in FY14 to 27.7% in FY15. Adhesive tapes segment deteriorated from 18.8% in FY14 to 12.2% in FY15, while gross profit margin for release paper segment declined from 17.8% in FY14 to 11.3% in FY15.

Selling and distribution costs decreased 35.9% to RMB2.7 million in line with lower sales volume. Administrative expenses increased 11.5% to RMB19.4 million due to pre-operating expenses incurred for the development of Nylon-6 chips business.

As at 31 December 2015, the Group has a net cash position with cash and balances of RMB776.4 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.”

For the Nylon-6 Chip Development, construction works on the Nylon-6 Chip Plant are about 78% completed. Preparation of the building and warehouse facilities, and installation of the production lines and equipment are in progress, and are expected to be completed by the end of June 2016. In addition to the Group's capital commitment as at end FY15 of RMB207 million for the acquisition of machinery and equipment, as well as construction of plant, the Group will have further capital expenditure of RMB418 million for its Nylon-6 Chip Business which have not been contracted with the suppliers. In view of the shortfall of cash and cash equivalents with the unpaid capital expenditure, the Group may require external funds in the form of bank borrowings or financial support from the substantial shareholders in the next 12 months. 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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