



Changtian Plastic & Chemical Limited

NEWS RELEASE

CHANGTIAN REPORTED A BIGGER LOSS IN 3QFY16

- Revenue improved by 4.1% to RMB 9.8 million
- Lower bank interest income and higher pre-operating expenses for the development of Nylon-6 chips business led to a bigger loss in 3QFY16
- Our balance sheet remains positive with net cash of RMB 117.4 million at end September 2016.

(RMB'million)	3QFY16	3QFY15	Change (%)	9MFY16	9MFY15	Change (%)
Revenue	9.8	9.4	4.1	29.4	40.3	(27.1)
Gross Profit	3.2	1.0	220.8	9.7	5.6	73.0
GP Margin (%)	32.4	10.5	21.9 ppt	32.9	13.9	19.0 ppt
Net (Loss)/Profit	(4.4)	(2.4)	87.6	(11.6)	10.4	n.m.
(Loss)/Earnings Per Share* (RMB cents)	(6.72)	(3.58)	87.6	(17.57)	15.75	n.m.

**The calculation of EPS is computed on the Group's profit for the period attributable to the owners of the Company divided by 65,999,998 ordinary shares in issue throughout the three and nine months ended 30 September 2016 and 2015, as if the share consolidation had occurred on 1 January 2015.*

Singapore, 8 November 2016 – Changtian Plastic & Chemical Limited (“长天实业有限公司”) (“Changtian” or the “Group”) today announced its results for the nine months ended 30 September 2016 (“9MFY16”). Group revenue declined 27% to RMB 29.4 million from RMB 40.3 million in the previous corresponding period (“9MFY15”). Net loss was RMB 11.6 million in 9MFY16 reversing from a net profit of RMB 10.4 million in 9MFY15.

For the three months ended 30 September 2016 (“3QFY16”), the Group’s revenue increased 4.1% to RMB 9.8 million from RMB 9.4 million for the three months ended 30 September 2015 (“3QFY15”). Although average selling prices of all products increased in 3Q16, the customers’ orders for release papers and UV cured release film dropped over 20% and was offset by an increase of 5% for adhesive tapes.

Net loss increased 87.6% in 3QFY16 to RMB 4.4 million, from a net loss of RMB 2.4 million in 3QFY15. The bigger loss in 3QFY16 was due to lower interest income and higher pre-operating expenses for the development of Nylon-6 Chip business.

During 9MFY16, UV cured release film accounted for 48.5% of overall revenue or RMB 14.3 million while adhesive tapes contributed 43.5% of group revenue or RMB 12.8 million.. The release papers segment accounted for the remaining 8.0% of total revenue or RMB 2.3 million.

The Group’s gross profit improved by 73.0% to RMB 9.7 million in 9MFY16 due to lower costs of raw materials and depreciation charges. Overall gross profit margin improved from 13.9% in 9MFY15 to 32.9% for 9MFY16.

In line with the decline in sales volume, selling and distribution costs also decreased by 10.6% to RMB 1.8 million in 9MFY16.

Net loss of RMB 11.6 in 9MFY16 was bigger than the comparable net loss of RMB 1.8 million in 9MFY15 from continuing operations. This increased loss was due to lower interest income of RMB 3.1 million in 9MFY15 compared to RMB 10.5 million in 9MFY15, as well as higher administrative expenses of RMB 19.5 million in 9MFY16 against RMB 14.0 million in 9MFY15.

(Net profit of RMB 10.4 million in 9MFY15 was due to a RMB 12.2 million gain on disposal of property, plant and equipment from discontinued operations.)

As at 30 September 2016, the Group has cash and bank balances of RMB 117.4 million.

Outlook

Executive Chairman of Changtian, Mr Yang Qingjin (杨清金) commented that “the global market continues to fluctuate and market competition for existing products remains intense. The Company will continue to impose stringent cost controls to maintain profitability.”

For the Nylon-6 Chip Development, the Group had completed all the required procedures relating to the land for the new factory plant and had signed the Land Use Right Transfer Agreement with the Department of Land and Resources of HuiAn County in late October 2016. However, due to poor weather in the last quarter, construction work for the Nylon-6 Chip Development has fallen behind schedule and is only expected to be completed in end December 2016. With this delay, the fine-tuning of machinery and trial production of Nylon-6 Chips are expected to commence only in early 2017. The commercial production and sales will commence after the Company is satisfied with the results of trial production. At end September 2016, construction works for the Nylon-6 Chip Plant was 92.9% completed and the Group has capital commitment of RMB 54.9 million for machinery and equipment and construction of plant. In view of the shortfall of cash and cash equivalents with the unpaid capital expenditure, the Group had obtained a written confirmation from its principal banker in the PRC, which confirmed the availability of a credit line up to RMB300 million, the terms and conditions of which have not been finalized but include a pledge of the Group’s plant and equipment. The Company will continue to update shareholders in a timely manner.

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 stopped production of 2-A2MPS since the third quarter of 2013.

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

ISSUED BY	:	Changtian Plastic & Chemical Limited 18 Xinsheng Road Xinyang Industrial Zone Haicang District Xiamen City, Fujian Province People's Republic of China
CONTACT	:	Mr Tan Khow Siong (VP, Corporate Communications & IR)
DURING OFFICE HOURS	:	9327-3970 (Handphone)
EMAIL	:	tanks@chang-tian.com.cn

8 November 2016