



Changtian Plastic & Chemical Limited

NEWS RELEASE

CHANGTIAN REPORTS A LOSS IN 2016

- Revenue declines 22.5% to RMB39.4 million
- Net loss of RMB16.8 million partly due to lower interest income and partly due to pre-operating expenses for new Nylon-6 Chip plant.
- Balance sheet remains positive with net cash of RMB65.1 million at end December 2016.

(RMB'million)	4QFY16	4QFY15	Change (%)	FY16	FY15	Change (%)
Revenue	10.0	10.5	(5.0)	39.4	50.8	(22.5)
Gross Profit	3.2	3.4	(4.0)	12.9	9.0	43.9
GP Margin (%)	32.6	32.2	0.4 ppt	32.8	17.7	15.1 ppt
Net Loss	(5.2)	(17.5)	(70.4)	(16.8)	(7.1)	136.8
Loss Per Share* (RMB cents)	(7.85)	(26.49)	(70.4)	(25.42)	(10.74)	136.8

**The calculation of EPS is computed on the Group's loss for the period attributable to the owners of the Company divided by 65,999,998 ordinary shares in issue throughout the three and twelve months ended December 31, 2015 and 2016.*

Singapore, February 28, 2017 – 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, 2016 (“FY16”). The Group reported a 136.8% increase in net loss to RMB16.8 million for FY16 from a loss of RMB7.1 million for the year ended December 31, 2015 (“FY15”) while revenue decreased 22.5% to RMB39.4 million.

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For the three months ended December 31, 2016 (“4QFY16”), the Group reported a net loss of RMB5.2 million, which was 70.4% lower than the net loss of RMB17.5 million in the three months ended December 31, 2015 (“4QFY15”). Revenue declined 5.0% from RMB10.5 million in 4QFY15 to RMB10.0 million in 4QFY16.

The deterioration from FY15 to FY16 is partly attributable to a significant 74.6% decline of Other Income, mostly interest income, from RMB12.7 million in FY15 to RMB3.2 million in FY16, due to lower bank balances as cash is used for development of the Nylon-6 Chip plant. Gross profit was affected by lower sales volume while Selling and Distribution Costs increased 9.5% because of advertising and promotion expenses for Nylon-6 chips. Administrative Expenses rose 38.8% partly due to pre-operating expenses for the Nylon-6 chips business.

In FY16, sales of adhesive tapes decreased 23.1% to RMB19.1 million and accounted for 48.5% of total revenue. UV cured release film contributed 44.5% of overall revenue after a 4.6% decrease in revenue to RMB17.5 million. Revenue from release papers decreased 63.6% to RMB2.8 million and accounted for 7.0% of group revenue.

Gross profit margin for the Group improved by 15.1 percentage point from 17.7% in FY15 to 32.8% in FY16, partly due to lower depreciation charges. UV cured release film recorded a 25.9 percentage point improvement in gross profit margin from 27.7% in FY15 to 53.6% in FY16. Adhesive tapes segment improved from 12.2% in FY15 to 16.7% in FY16, while gross profit margin for release paper segment was relatively stable at 11.3% in FY15 and 11.6% in FY16.

As at December 31, 2016, the Group has a net cash position with cash and balances of RMB65.1 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.”

For the Nylon-6 Chip Development, construction works have been completed and fine-tuning of machinery for the production of Nylon-6 Chips has commenced in early 2017. Commercial production and sales will commence when the Group is satisfied with the results of trial production. As at December 31, 2016, the Group has committed capital on acquisition of machinery and equipment and construction of plant amounting to approximately RMB33.5 million. The Group has obtained the written confirmation of a credit line amounting to RMB300 million from its principal PRC banker in February 2017; the terms and conditions of the loan are not finalized but will include a pledge of the Group’s plant and equipment.

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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