



Changtian Plastic & Chemical Limited

Third Quarter Financial Statements for the Nine Months Ended 30 September 2016

Changtian Plastic & Chemical Limited (the “Company”) was listed on the Main Board of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) on 9 November 2007.

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) A statement of comprehensive income (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group					
	Three months ended			Nine months ended		
	30/9/2016	30/9/2015	Change	30/9/2016	30/9/2015	Change
	<Unaudited> RMB'000	<Unaudited> RMB'000	%	<Unaudited> RMB'000	<Unaudited> RMB'000	%
<i>Continuing operations</i>						
Revenue	9,754	9,373	4.1	29,388	40,290	(27.1)
Cost of sales	(6,591)	(8,387)	(21.4)	(19,729)	(34,706)	(43.2)
Gross profit	3,163	986	220.8	9,659	5,584	73.0
Other income	215	2,136	(89.9)	3,149	10,513	(70.0)
Selling and distribution costs	(608)	(600)	1.3	(1,826)	(2,043)	(10.6)
Administrative expenses	(7,125)	(4,763)	49.6	(19,539)	(13,966)	39.9
(Loss)/profit before income tax	(4,355)	(2,241)	94.3	(8,557)	88	N/M *
Income tax expense	(83)	(125)	(33.6)	(3,041)	(1,915)	58.8
Loss for the period	(4,438)	(2,366)	87.6	(11,598)	(1,827)	534.8
<i>Discontinued operations</i>						
Profit for the period	-	-	-	-	12,225	N/A **
(Loss)/profit for the period and attributable to the owners of the Company	(4,438)	(2,366)	87.6	(11,598)	10,398	N/M *
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period and attributable to the owners of the Company	(4,438)	(2,366)	87.6	(11,598)	10,398	N/M *

*N/M – not meaningful

**N/A – not applicable

Notes:

1. The Company was incorporated in Bermuda under the Bermuda Companies Act 1981 on 29 March 2007 as an exempted company with limited liability and listed on the Main Board of the SGX-ST on 9 November 2007. The principal activity of the Company is investment holding.
2. (Loss)/profit for the period is arrived at after charging/(crediting) the followings:

	Group					
	Three months ended			Nine months ended		
	30/9/2016	30/9/2015	Change	30/9/2016	30/9/2015	Change
	<Unaudited>	<Unaudited>		<Unaudited>	<Unaudited>	
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Interest income	(219)	(2,136)	(89.7)	(3,148)	(10,513)	(70.1)
Depreciation of property, plant and equipment	390	785	(50.3)	819	2,327	(64.8)
Exchange (gain)/loss, net	4	(46)	N/M *	(1)	(29)	(96.6)
Amortisation of prepaid premium for leasehold land under operating leases	103	103	-	309	310	(0.3)
(Gain)/loss on disposal of property, plant and equipment, net						
- Continuing operations	-	-	-	-	12	N/A **
- Discontinued operations	-	-	-	-	(12,225)	N/A **
Under-provision of income tax in respect of prior years	-	-	-	2,116	-	N/A **

*N/M – not meaningful

**N/A – not applicable

1(b) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Group		Company	
	30/9/2016	31/12/2015	30/9/2016	31/12/2015
	<Unaudited>	<Audited>	<Unaudited>	<Audited>
	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS AND LIABILITIES				
Non-current assets				
Investments in subsidiaries	-	-	125,175	125,175
Property, plant and equipment	1,020,818	459,193	-	-
Prepaid premium for leasehold land under operating leases	19,494	19,803	-	-
Deposits	1,625	2,924	-	-
	<u>1,041,937</u>	<u>481,920</u>	<u>125,175</u>	<u>125,175</u>
Current assets				
Inventories	1,722	2,608	-	-
Trade receivables	11,398	12,206	-	-
Prepayments, deposits and other receivables	72,743	17,446	169	175
Current tax assets	-	1,337	-	-
Due from a subsidiary	-	-	366,312	369,998
Cash and bank balances	117,350	776,431	-	-
	<u>203,213</u>	<u>810,028</u>	<u>366,481</u>	<u>370,173</u>
Current liabilities				
Trade payables	2,433	3,018	-	-
Accruals and other payables	190,994	225,638	3,840	2,567
Current tax liabilities	2,379	2,350	-	-
	<u>195,806</u>	<u>231,006</u>	<u>3,840</u>	<u>2,567</u>
Net current assets	<u>7,407</u>	<u>579,022</u>	<u>362,641</u>	<u>367,606</u>
Non-current liabilities				
Deferred tax liabilities	4,650	4,650	-	-
Net assets	<u>1,044,694</u>	<u>1,056,292</u>	<u>487,816</u>	<u>492,781</u>
EQUITY				
Equity attributable to the owners of the Company				
Share capital	166,295	166,295	166,295	166,295
Reserves	878,399	889,997	321,521	326,486
Total equity	<u>1,044,694</u>	<u>1,056,292</u>	<u>487,816</u>	<u>492,781</u>

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group			
	Three months ended		Nine months ended	
	30/9/2016	30/9/2015	30/9/2016	30/9/2015
	<Unaudited> RMB'000	<Unaudited> RMB'000	<Unaudited> RMB'000	<Unaudited> RMB'000
Cash flows from operating activities				
(Loss)/profit before income tax				
- from continuing operations	(4,355)	(2,241)	(8,557)	88
- from discontinued operations	-	-	-	12,225
(Loss)/profit before income tax, total	(4,355)	(2,241)	(8,557)	12,313
Adjustments for:				
Interest income	(219)	(2,136)	(3,148)	(10,513)
Depreciation	390	785	819	2,327
Gain on disposal of property, plant and equipment, net	-	-	-	(12,213)
Amortisation of prepaid premium for leasehold land under operating leases	103	103	309	310
Operating loss before working capital changes	(4,081)	(3,489)	(10,577)	(7,776)
(Increase)/decrease in inventories	(43)	(1,953)	886	782
Decrease in trade receivables	297	1,351	808	23,115
Increase in prepayments, deposits and other receivables	(46,075)	(6,863)	(56,097)	(14,961)
(Decrease)/increase in trade payables	(88)	3,080	(585)	(5,621)
Increase in accruals and other payables	41,488	4,181	52,371	7,441
Cash (used in)/generated from operations	(8,502)	(3,693)	(13,194)	2,980
Interest received	219	2,936	3,948	11,313
Income tax paid	(535)	(2,141)	(1,675)	(4,617)
Net cash (used in)/generated from operating activities	(8,818)	(2,898)	(10,921)	9,676
Cash flows from investing activities				
Payments for purchases of property, plant and equipment	(231,708)	(22,621)	(649,459)	(123,756)
Net proceed on disposal of property, plant and equipment	-	-	-	3,667
Decrease/(increase) in deposits	1,243	(775)	1,299	(19,973)
Net cash used in investing activities	(230,465)	(23,396)	(648,160)	(140,062)
Net decrease in cash and cash equivalents	(239,283)	(26,294)	(659,081)	(130,386)
Cash and cash equivalents at beginning of period	356,633	357,036	776,431	461,128
Cash and cash equivalents at end of period	117,350	330,742	117,350	330,742
Analysis of balances of cash and cash equivalents				
Cash and bank balances	117,350	830,742	117,350	830,742
Less: Time deposits with initial maturity of not less than three months	-	(500,000)	-	(500,000)
Cash and cash equivalents	117,350	330,742	117,350	330,742

Note: During the nine months ended 30 September 2016, additions of property, plant and equipment amounted to RMB562,444,000, payments of RMB649,459,000 included payables to suppliers to property, plant and equipment of which RMB87,015,000 was unpaid and included under “Accruals and other payables” as at 31 December 2015.

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Group (Three months ended 30 September 2015)

	Share capital RMB'000	Share premium RMB'000	Merger reserve RMB'000	Statutory and other reserves RMB'000	Retained profits RMB'000	Total equity RMB'000
At 1 July 2015 (Unaudited)	166,295	329,523	32,298	102,545	445,482	1,076,143
Loss and total comprehensive income for the period	-	-	-	-	(2,366)	(2,366)
At 30 September 2015 (Unaudited)	166,295	329,523	32,298	102,545	443,116	1,073,777

Group (Nine months ended 30 September 2015)

	Share capital RMB'000	Share premium RMB'000	Merger reserve RMB'000	Statutory and other reserves RMB'000	Retained profits RMB'000	Total equity RMB'000
At 1 January 2015 (Audited)	166,295	329,523	32,298	102,545	432,718	1,063,379
Profit and total comprehensive income for the period	-	-	-	-	10,398	10,398
At 30 September 2015 (Unaudited)	166,295	329,523	32,298	102,545	443,116	1,073,777

Group (Three months ended 30 September 2016)

	Share capital RMB'000	Share premium RMB'000	Merger reserve RMB'000	Statutory and other reserves RMB'000	Retained profits RMB'000	Total equity RMB'000
At 1 July 2016 (Unaudited)	166,295	329,523	32,298	102,545	418,471	1,049,132
Loss and total comprehensive income for the period	-	-	-	-	(4,438)	(4,438)
At 30 September 2016 (Unaudited)	166,295	329,523	32,298	102,545	414,033	1,044,694

Group (Nine months ended 30 September 2016)

	Share capital RMB'000	Share premium RMB'000	Merger reserve RMB'000	Statutory and other reserves RMB'000	Retained profits RMB'000	Total equity RMB'000
At 1 January 2016 (Audited)	166,295	329,523	32,298	102,545	425,631	1,056,292
Loss and total comprehensive income for the period	-	-	-	-	(11,598)	(11,598)
At 30 September 2016 (Unaudited)	166,295	329,523	32,298	102,545	414,033	1,044,694

Company (Three months ended 30 September 2015)

	Share capital RMB'000	Share premium RMB'000	Retained profits/ (accumulated losses) RMB'000	Total equity RMB'000
At 1 July 2015 (Unaudited)	166,295	329,523	5	495,823
Loss and total comprehensive income for the period	-	-	(1,396)	(1,396)
At 30 September 2015 (Unaudited)	166,295	329,523	(1,391)	494,427

Company (Nine months ended 30 September 2015)

	Share capital RMB'000	Share premium RMB'000	Retained profits/ Accumulated losses RMB'000	Total equity RMB'000
At 1 January 2015 (Audited)	166,295	329,523	3,442	499,260
Loss and total comprehensive income for the period	-	-	(4,833)	(4,833)
At 30 September 2015 (Unaudited)	166,295	329,523	(1,391)	494,427

Company (Three months ended 30 September 2016)

	Share capital RMB'000	Share premium RMB'000	Accumulated losses RMB'000	Total equity RMB'000
At 1 July 2016 (Unaudited)	166,295	329,523	(6,394)	489,424
Loss and total comprehensive income for the period	-	-	(1,608)	(1,608)
At 30 September 2016 (Unaudited)	166,295	329,523	(8,002)	487,816

Company (Nine months ended 30 September 2016)

	Share capital RMB'000	Share premium RMB'000	Accumulated losses RMB'000	Total equity RMB'000
At 1 January 2016 (Audited)	166,295	329,523	(3,037)	492,781
Loss and total comprehensive income for the period	-	-	(4,965)	(4,965)
At 30 September 2016 (Unaudited)	166,295	329,523	(8,002)	487,816

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year**

Pursuant to Special General Meeting of the Company held on 28 April 2015, the Company has completed the consolidation of every ten existing issued ordinary shares in the capital of the Company held by shareholders of the Company into one ordinary share effective as at 9.00 am on 21 May 2015. As a result of the completion of the share consolidation exercise, the number of ordinary shares of the Company is 66,000,000 as at 30 September 2015 and 2016.

There were no changes in the Company's share capital for the three and nine months ended 30 September 2015 and 2016.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	30/9/2016	31/12/2015
Total number of issued shares ('000)	<u>66,000</u>	<u>66,000</u>

There were no treasury shares as at 30 September 2016 and 31 December 2015.

1(d)(iv) A statement showing all sale and transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. As at 30 September 2016, the Company does not have any outstanding treasury shares.

2 Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

The figures have neither been audited nor reviewed by the auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The Group has adopted all the new/amended International Financial Reporting Standards ("new/amended IFRSs") that became effective on 1 January 2016. Except for the adoption of these new/amended IFRSs, the Group has consistently applied the same accounting policies and methods of computations as stated in the audited financial statements of the Group for the year ended 31 December 2015.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

The adoption of the new/amended IFRSs does not have any material financial impact on the Group's financial statements.

6 (Loss)/earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	Group			
	Three months ended		Nine months ended	
	30/9/2016	30/9/2015	30/9/2016	30/9/2015
	<Unaudited>	<Unaudited>	<Unaudited>	<Unaudited>
<u>Basic and diluted (loss)/earnings per share</u>				
<u>Continuing operations</u>				
Net loss attributable to the owners of the Company (RMB'000)	(4,438)	(2,366)	(11,598)	(1,827)
Weighted average number of ordinary shares in issue ('000)**	66,000	66,000	66,000	66,000
Loss per share (RMB cents)	<u>(6.72)</u>	<u>(3.58)</u>	<u>(17.57)</u>	<u>(2.77)</u>
<u>Continuing operations and discontinued operations</u>				
Net (loss)/profit attributable to the owners of the Company (RMB'000)	(4,438)	(2,366)	(11,598)	10,398
Weighted average number of ordinary shares in issue ('000)**	66,000	66,000	66,000	66,000
(Loss)/earnings per share (RMB cents)	<u>(6.72)</u>	<u>(3.58)</u>	<u>(17.57)</u>	<u>15.75</u>

Diluted (loss)/earnings per share for the three and nine months ended 30 September 2015 and 2016 are the same as basic (loss)/earnings per share as there is no potential ordinary share in existence during both periods.

** The weighted average number of ordinary shares for the three and nine months ended 30 September 2015 for the purposes of basic and diluted (loss)/earnings per share has been adjusted to reflect the effect of share consolidation, as if the share consolidation had occurred on 1 January 2015.

7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year

	Group		Company	
	30/9/2016	31/12/2015	30/9/2016	31/12/2015
	<Unaudited>	<Unaudited>	<Unaudited>	<Unaudited>
Net asset value per ordinary share (RMB cents)	1,582.9	1,600.4	739.1	746.6

Net asset value per ordinary share of the Group/Company is calculated based on:

- 1) The equity attributable to the owners of the Company as at 30 September 2016 and 31 December 2015; and
- 2) The number of ordinary shares of the Company in issue of 65,999,998 as at 30 September 2016 and 31 December 2015.

8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

8.1 Review on performance of the Group

	Three months ended					Nine months ended				
	30/9/2016		30/9/2015			30/9/2016		30/9/2015		
	<Unaudited>	% of	<Unaudited>	% of	% of	<Unaudited>	% of	<Unaudited>	% of	% of
	RMB'000	total	RMB'000	total	change	RMB'000	total	RMB'000	total	change
Revenue										
Adhesive tapes	5,246	53.8	4,879	52.1	7.5	12,796	43.5	21,023	52.2	(39.1)
Release papers	440	4.5	1,035	11.0	(57.5)	2,334	8.0	6,564	16.3	(64.4)
UV cured release film	4,068	41.7	3,459	36.9	17.6	14,258	48.5	12,703	31.5	12.2
Total/overall	9,754	100.0	9,373	100.0	4.1	29,388	100.0	40,290	100.0	(27.1)
Gross profit/(loss)										
Adhesive tapes	1,051	33.2	462	46.9	127.5	1,712	17.7	2,872	51.4	(40.4)
Release papers	(6)	(0.2)	50	5.1	N/M	282	2.9	735	13.2	(61.6)
UV cured release film	2,118	67.0	474	48.1	346.8	7,665	79.4	1,977	35.4	287.7
Total/overall	3,163	100.0	986	100.0	220.8	9,659	100.0	5,584	100.0	73.0
	%		%		change of % point	%		%		change of % point
Gross profit/(loss) margin										
Adhesive tapes	20.0		9.5		10.5	13.4		13.7		(0.3)
Release papers	(1.4)		4.8		N/M	12.1		11.2		0.9
UV cured release film	52.1		13.7		38.4	53.8		15.6		38.2
Overall	32.4		10.5		21.9	32.9		13.9		19.0

8.1.1 Revenue

The revenue of the Group increased slightly by 4.1% or RMB0.4 million from RMB9.4 million for the three months ended 30 September 2015 (“3Q15”) to RMB9.8 million for the three months ended 30 September 2016 (“3Q16”). Economic growth in the People’s Republic of China (the “PRC”) continued to slow in the current period. 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. Therefore, overall revenue only increased slightly in the current period.

8.1.2 Cost of sales and gross profit margin

Cost of sales decreased by 21.4% or RMB1.8 million from RMB8.4 million for 3Q15 to RMB6.6 million for 3Q16. In the current period, major raw material prices decreased by 10% or more as compared to those in 3Q15. Furthermore, depreciation of plant and machinery decreased because of the impairment losses made in the fourth quarter of 2015. As a result, the gross profit increased significantly by 2.2 times from RMB0.9 million in 3Q15 to RMB3.2 million in 3Q16. Gross profit margin also improved by 21.9 percentage point from 10.5% in 3Q15 to 32.4% in the current period.

8.1.3 Other income

Other income consists mainly of bank interest income for the period. The balance decreased significantly due to both the decrease of bank balances and interest rate in the current period.

8.1.4 Selling and distribution costs

Selling and distribution costs which comprise mainly of transportation costs and staff costs, increased slightly by 1.3%. Transportation costs increased were in line with sales revenue in the current period.

8.1.5 Administrative expenses

Administrative expenses increased by 49.6% or RMB2.3 million from RMB4.8 million for 3Q15 to RMB7.1 million for 3Q16. The increase was mainly due to increase of pre-operating expenses for the development of Nylon-6 chips business from RMB1.7 million for 3Q15 to RMB3.8 million for 3Q16. Construction works of Nylon-6 Chip Development was expected to be completed at end of 2016. The subsidiary had recruited more staffs to better-prepare for the commencement of Nylon-6 Chip business and therefore, these led to

the increases in staff costs and other pre-operating expenses in the current period.

8.1.6 Income tax expense

Income tax expense of the Group is calculated based on the statutory income tax rate of 25% of the assessable profits of a wholly-owned subsidiary of the Company, Xiamen Changtian Enterprise Co., Ltd, (“Changtian Enterprise”) as determined in accordance with the relevant PRC income tax rules and regulations.

8.1.7 Loss for the period

Loss for the period increased by 87.6% from RMB2.4 million for 3Q15 to RMB4.4 million for 3Q16. The Group’ increase in its gross profit in the current period was offset by increases in administrative expenses and the decrease of other income.

8.2 Review on financial position and cash flows of the Group

8.2.1 Non-current assets

Property, plant and equipment (“PPE”) increased significantly by 122.3% or RMB561.6 million from RMB459.2 million as at 31 December 2015 to RMB1,020.8 million as at 30 September 2016 as a result of the increase of construction work and acquisitions of production facilities for Nylon-6 chips business in the nine-months period of 2016 (“9M16”).

8.2.2 Current assets and cash flows

Current assets of the Group decreased significantly from RMB810.0 million as at 31 December 2015 to RMB203.2 million as at 30 September 2016. Although there were less customer orders received by the Group in 3Q16, the Group continued to maintain the inventory at a minimum level for meeting the customers’ demands. Inventories decreased from RMB2.6 million as at 31 December 2015 to RMB1.7 million as at 30 September 2016. As a result of the decrease in the Group’s sales revenue for the past nine months, trade receivables dropped slightly from RMB12.2 million as at 31 December 2015 to RMB11.4 million as at 30 September 2016. During the period, as the Group increased its acquisitions of machinery and equipment together with construction works in 9M16, this led to a corresponding VAT recoverable which could be used to offset against the VAT payables incurred from the future sales revenue or other revenues under the current PRC tax regime. VAT recoverable increased from RMB16.4 million as at 31 December 2015 to RMB69.4 million as at 30 September 2016 and thus this led to an increase in prepayments, deposits

and other receivables from RMB17.4 million as at 31 December 2015 to RMB72.7 million as at 30 September 2016.

The Group had RMB648.2 million of net cash used in investing activities which mainly used in the payments for purchases of plant and equipment for Nylon-6 chips business in 9M16. Hence its cash and cash equivalents decreased significantly from RMB776.4 million as at 31 December 2015 to RMB117.4 million as at 30 September 2016.

8.2.3 Current liabilities

Current liabilities of the Group decreased by 15.2% or RMB35.2 million from RMB231.0 million as at 31 December 2015 to RMB195.8 million as at 30 September 2016. The decrease was mainly attributable to the decrease in accruals and other payables as the Group increased the settlements to the main contractor for Nylon-6 chips factory's construction and to suppliers of machinery and equipment for Nylon-6 chips business in 9M16.

8.2.4 Non-current liabilities

Non-current liabilities of the Group as at 30 September 2016 and 31 December 2015 represented the deferred tax liabilities in relation to withholding tax on undistributed profits of Changtian Enterprise.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Due to unstable weather in the last quarter, construction works for Nylon-6 Chip Development was affected and was not able to progress in accordance with its schedule. The Company expects that completion of the construction works for Nylon-6 Chip Development will be delayed to the end of December 2016. As a result of the delay in completion, the fine-tuning of machinery and trial production of Nylon-6 Chips will commence in early 2017. Commercial production and sales will commence once the Group is satisfied with the results of trial production.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

For the Nylon-6 Chip Development, the Group had completed all the required procedures for the land of the new factory plant and had signed a Land Use Right Transfer Agreement with the Department of Land and Resources of HuiAn County on 24 October 2016. At the balance sheet date, about 92.9% of the construction works of Nylon-6 Chip Plant had been completed and the

Group's committed capital on acquisition of machinery and equipment and construction of plant amounted to approximately RMB54.9 million. 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 continues to endeavor to keep shareholders updated on a timely manner as and when any new information is available to us.

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.

11. Dividend

a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None.

b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

c) Date Payable

Not applicable.

d) Books Closure Date

Not applicable.

12. If no dividend has been declared/ recommended, a statement to that effect

No dividend has been declared or recommended for 3Q16.

13. Interested Person Transactions

Interested person transaction carried out during the nine months ended 30 September 2016:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholder's mandate pursuant to Rule 920) RMB'000	Aggregate value of all interested person transaction conducted under shareholder's mandate pursuant to Rule 920 (excluding transactions less than \$100,000) RMB'000
Rental expenses to Xiamen Changtian Plastic & Chemical Co., Ltd ("Xiamen Changtian")	1,725	N/A

Note: Rental expenses to Xiamen Changtian, in which Mr. Chen Yongfu and Mr. Yang Qingjin, directors of the Company, and Mr. Yang Jie, who is the son of Mr. Yang Qingjin, have beneficial interests, were made with reference to the valuation report dated 5 March 2007 prepared by an independent valuer, LCH (Asia-Pacific) Surveyors Limited. The annual rental payable after the first three years of the lease is subject to review every three years and may be adjusted based on an independent valuers' valuation to ascertain prevailing market price. The board of directors reviews occasionally the market price through the internet searching after the first three years.

14. Confirmation pursuant to Rule 720(1)

Changtian Plastic & Chemical Limited confirms that undertakings under Rule 720(1) have been obtained from all its directors and executive officers in the format set out in form Appendix 7.7.

BY ORDER OF THE BOARD

Yang Qingjin
Executive Chairman
8 November 2016

CHANGTIAN PLASTIC & CHEMICAL LIMITED
(Incorporated in the Bermuda)

CONFIRMATION BY THE BOARD
PURSUANT TO RULE 705(5) OF THE LISTING MANUAL

We, Yang Qingjin and Qiu Wei Cai, being two directors of Changtian Plastic & Chemical Limited (the “Company”), hereby confirm on behalf of the directors of the Company, that, to the best of our knowledge, nothing has come to the attention of the board of directors of the Company which may render the third quarter financial results of the Group for the financial period ended 30 September 2016 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Yang Qingjin
Executive Chairman

Qiu Wei Cai
Finance Director

Date: 8 November 2016