Changtian Plastic & Chemical Limited

First Quarter Financial Statements for the Three Months Ended 31 March 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			
	31/3/2016 <Unaudited> RMB'000	31/3/2015 <Unaudited> RMB'000	Change %	
Continuing operations				
Revenue	9,684	20,320	(52.3)	
Cost of sales	(6,584)	(16,967)	(61.2)	
Gross profit	3,100	3,353	(7.5)	
Other income	1,866	4,193	(55.5)	
Selling and distribution costs	(615)	(824)	(25.4)	
Administrative expenses	(5,776)	(4,556)	26.8	
(Loss)/profit before income tax	(1,425)	2,166	N/M	**
Income tax expense	(423)	(585)	(27.7)	
(Loss)/profit for the period	(1,848)	1,581	N/M	**
Discontinued operations				
Profit for the period	-	12,225	(100.0)	
(Loss)/profit for the period and attributable to the owners of the Company	(1,848)	13,806	N/M	**
Other comprehensive income for the period	-	-	-	
Total comprehensive income for the period and attributable to the owners of the Company	(1,848)	13,806	N/M	**

** N/M - not meaningful

18 Xinsheng Road, Xinyang Industrial Zone, Haicang District, Xiamen City, Fujian Province, People's Republic of China 361026 Tel: 86-592-6517000 Fax: 86-592-6519700

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		
	31/3/2016	**31/3/2015**	**Change**
	<Unaudited>	**<Unaudited>**	
	RMB'000	**RMB'000**	**%**
Interest income	(1,866)	(4,193)	(55.5)
Depreciation of property, plant and equipment	151	954	(84.2)
Exchange loss, net	23	4	475.0
(Gain)/loss on disposal of property, plant and equipment, net			
- Continuing operations	-	12	(100.0)
- Discontinued operations	-	(12,225)	(100.0)
Amortization of prepaid premium for leasehold land under operating leases	103	104	(1.0)

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	
	31/3/2016 <Unaudited> RMB'000	31/12/2015 <Audited> RMB'000	31/3/2016 <Unaudited> RMB'000	31/12/2015 <Audited> RMB'000
ASSETS AND LIABILITIES				
Non-current assets				
Investments in subsidiaries	-	-	125,175	125,175
Property, plant and equipment	549,392	459,193	-	-
Prepaid premium for leasehold land under operating leases	19,700	19,803	-	-
Deposits	3,950	2,924	-	-
	573,042	481,920	125,175	125,175
Current assets				
Inventories	2,032	2,608	-	-
Trade receivables	11,499	12,206	-	-
Prepayments, deposits and other receivables	17,811	17,446	159	175
Current tax assets	914	1,337	-	-
Amount due from a subsidiary	-	-	368,618	369,998
Cash and bank balances	620,242	776,431	-	-
	652,498	810,028	368,777	370,173
Current liabilities				
Trade payables	2,835	3,018	-	-
Accruals and other payables	161,261	225,638	2,621	2,567
Current tax liabilities	2,350	2,350	-	-
	166,446	231,006	2,621	2,567
Net current assets	486,052	579,022	366,156	367,606
Non-current liabilities				
Deferred tax liabilities	4,650	4,650	-	-
Net assets	1,054,444	1,056,292	491,331	492,781
EQUITY				
Equity attributable to owners of the Company				
Share capital	166,295	166,295	166,295	166,295
Reserves	888,149	889,997	325,036	326,486
Total equity	1,054,444	1,056,292	491,331	492,781

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

	Group Three months ended	
	31/3/2016 <Unaudited> RMB'000	31/3/2015 <Unaudited> RMB'000
Cash flows from operating activities		
(Loss)/profit before income tax		
- From continuing operations	(1,425)	2,166
- From discontinued operations	-	12,225
(Loss)/profit before income tax, total	(1,425)	14,391
Adjustments for:		
Interest income	(1,866)	(4,193)
Depreciation of property, plant and equipment	151	954
Net gains on disposals of property, plant and equipment from discontinued operations	-	(12,225)
Net losses on disposals of property, plant and equipment from continuing operations	-	12
Amortization of prepaid premium for leasehold land under operating leases	103	104
Operating loss before working capital changes	(3,037)	(957)
Decrease in inventories	576	1,561
Decrease in trade receivables	707	11,180
Increase in prepayments, deposits and other receivables	(365)	(135)
Decrease in trade payables	(183)	(6,988)
Increase/(decrease) in accruals and other payables	116	(544)
Cash (used in)/generated from operations	(2,186)	4,117
Income tax paid	-	(2,296)
Interest received	1,866	402
Net cash (used in)/generated from operating activities	(320)	2,223
Cash flows from investing activities		
Payments for purchases of property, plant and equipment	(154,843)	(923)
Net proceeds on disposals of property, plant and equipment	-	3,667
Increase in deposits	(1,026)	-
Net cash (used in)/generated from investing activities	(155,869)	2,744
Net (decrease)/increase in cash and cash equivalents	(156,189)	4,967
Cash and cash equivalents at beginning of period	776,431	461,128
Cash and cash equivalents at end of period	620,242	466,095
Analysis of balances of cash and cash equivalents		
Cash and bank balances	620,242	966,095
Less: Time deposits with initial maturity of not less than three months	-	(500,000)
Cash and cash equivalents	620,242	466,095

Note: During the three months ended 31 March 2016, additions of property, plant and equipment amounted to RMB90,350,000, payments of RMB154,843,000 included payables to suppliers of property, plant and equipment of which RMB64,493,000 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 31 March 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	-	-	-	-	13,806	13,806
At 31 March 2015 (Unaudited)	166,295	329,523	32,298	102,545	446,524	1,077,185

Group (Three months ended 31 March 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	-	-	-	-	(1,848)	(1,848)
At 31 March 2016 (Unaudited)	166,295	329,523	32,298	102,545	423,783	1,054,444

Company (Three months ended 31 March 2015)

	Share capital RMB'000	Share premium RMB'000	Retained profits 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	-	-	(1,528)	(1,528)
At 31 March 2015 (Unaudited)	166,295	329,523	1,914	497,732

Company (Three months ended 31 March 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	-	-	(1,450)	(1,450)
At 31 March 2016 (Unaudited)	166,295	329,523	(4,487)	491,331

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

There were no changes in the Company's share capital for the three months ended 31 March 2015 and 31 March 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.

	31/3/2016	31/12/2015
Total number of issued shares ('000)	66,000	66,000

There were no treasury shares as at 31 March 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 31 March 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 adopted 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 Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	Group Three months ended 31/3/2016 <Unaudited>	 31/3/2015 <Unaudited>
Basic and diluted (loss)/earnings per share		
Continuing operations		
Net (loss)/profit attributable to the owners of the Company (RMB'000)	(1,848)	1,581
Weighted average number of ordinary shares in issue ('000)**	66,000	66,000
(Loss)/earnings per share (RMB cents)	(2.80)	2.40
Continuing operations and discontinued operations		
Net (loss)/profit attributable to the owners of the Company (RMB'000)	(1,848)	13,806
Weighted average number of ordinary shares in issue ('000)**	66,000	66,000
(Loss)/earnings per share (RMB cents)	(2.80)	20.92

Diluted (loss)/earnings per share for the three months ended 31 March 2016 and 31 March 2015 are the same as basic (loss)/earnings per share as there is no dilutive potential ordinary share in existence during both periods.

** The weighted average number of ordinary shares for the three months ended 31 March 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 capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

	Group		Company	
	31/3/2016 <Unaudited>	31/12/2015 <Unaudited>	31/3/2016 <Unaudited>	31/12/2015 <Unaudited>
Net asset value per ordinary share (RMB cents)	**1,597.6**	**1,600.4**	**744.4**	**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 31 March 2016 and 31 December 2015; and
2) The number of ordinary shares of the Company in issue of 65,999,998 as at 31 March 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				
	31/3/2016 <Unaudited> RMB'000	% of total	31/3/2015 <Unaudited> RMB'000	% of total	% of change
Revenue					
Adhesive tapes	3,797	39.2	11,554	56.9	(67.1)
Release papers	971	10.0	3,663	18.0	(73.5)
UV cured release film	4,916	50.8	5,103	25.1	(3.7)
Overall	9,684	100.0	20,320	100.0	(52.3)
Gross profit					
Adhesive tapes	169	5.4	2,063	61.5	(91.8)
Release papers	148	4.8	509	15.2	(70.9)
UV cured release film	2,783	89.8	781	23.3	256.3
Overall	3,100	100.0	3,353	100.0	(7.5)
	%		%		change of % point
Gross profit margin					
Adhesive tapes	4.5		17.9		(13.4)
Release papers	15.2		13.8		1.4
UV cured release film	56.6		15.3		41.3
Overall	32.0		16.5		15.5

8.1.1 Revenue

The Group's revenue decreased by RMB10.6 million from RMB20.3 million for the three months ended 31 March 2015 ("1Q15") to RMB9.7 million for the three months ended 31 March 2016 ("1Q16"). The slowdown of economic growth in the People's Republic of China (the "PRC") continued in 1Q16 and the customers' orders declined simultaneously. Though the average selling price of UV cured release films and release papers were increased, their sales volumes were reduced significantly in 1Q16. Thus, the sales revenue of all product segments decreased and overall revenue dropped by 52.3% in the current period.

8.1.2 Cost of sales and gross profit margin

Cost of sales decreased by 61.2% or RMB10.4 million from RMB17.0 million for 1Q15 to RMB6.6 million for 1Q16. The decrease was mainly due to the reduction of sales volume as compared to those in 1Q15. Besides, the depreciation of plant and machinery decreased in 1Q16 because the impairment losses were made in the fourth quarter of 2015. As a result, the gross profit decreased slightly by 7.5% but gross profit margin increased by 15.5 percentage point in the current period.

8.1.3 Other income

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

8.1.4 Selling and distribution costs

Selling and distribution costs consist mainly of transportation expenses and staff costs. These costs decreased by 25.4% which was caused by the decrease of transportation expenses. However, the staff monthly salaries and rental payment were the fixed costs. Thus, its decreasing rate was lower than the decline of sales revenue in the current period.

8.1.5 Administrative expenses

Administrative expenses increased by 26.8% or RMB1.2 million from RMB4.6 million for 1Q15 to RMB5.8 million for 1Q16. The increase was mainly due to an increase of staff costs and other pre-operating expenses for the development of Nylon-6 chips business in the current period. Apart from the pre-operating expenses, the administrative expenses also consisted mainly of directors' remuneration, professional fees and salaries.

8.1.6 (Loss)/profit before income tax from continuing operations

The Group had RMB1.8 million of loss before income tax from continuing operations in the current period while it had a profit of RMB1.6 million in 1Q15. This is mainly caused by the decrease of gross profit and other income together with an increase of administrative expenses in 1Q16.

8.1.7 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.

8.1.8 Profit for the period from discontinued operations

The amount mainly consists of the net gains on disposals of machinery and equipment for 2-A2MPS in 1Q15.

8.2 Review on financial positions and cash flows of the Group

8.2.1 Non-current assets

Property, plant and equipment increased by 19.6% or RMB90.2 million from RMB459.2 million as at 31 December 2015 to RMB549.4 million as at 31 March 2016. The increase was mainly due to the increase of construction in progress and the acquisition of machinery and equipment for Nylon-6 chips business in the current period. Besides, the Group made further deposits to the suppliers of machinery and equipment for Nylon-6 chips business in 1Q16 and increased the deposits from RMB2.9 million as at 31 December 2015 to RMB4.0 million as at 31 March 2016.

8.2.2 Current assets and cash flows

Current assets of the Group decreased from RMB810.0 million as at 31 December 2015 to RMB652.5 million as at 31 March 2016. The Group continued to maintain the inventory at a minimum level for meeting the customers' demands, so the inventories decreased from RMB2.6 million as at 31 December 2015 to RMB2.0 million as at 31 March 2016. Since the Group's sales revenue decreased in the current period, its trade receivables dropped from RMB12.2 million as at 31 December 2015 to RMB11.5 million as at 31 March 2016.

Moreover, the increase of VAT credit on acquisition of production lines also increased the prepayments, deposits and other receivables by RMB0.4 million in the current period.

The Group used net cash of RMB0.3 million and RMB155.9 million in its operating activities and investing activities respectively, so its cash and cash equivalents decreased by RMB156.2 million in the current period.

8.2.3 Current liabilities

Current liabilities of the Group decreased by 27.9% or RMB64.6 million from RMB231.0 million as at 31 December 2015 to RMB166.4 million as at 31 March 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 1Q16.

8.2.4 Non-current liabilities

Non-current liabilities of the Group as at 31 March 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

The current results are in line with the Company's commentary on prospects or previous quarter outlook in paragraph 10 of its previous quarterly results announcement.

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 construction works of Nylon-6 Chip Plant had completed around 86% and the Group has the committed capital on acquisition of machinery and equipment and construction of plant of approximately RMB135 million as of the balance sheet date. Renovation of the new plant to produce Nylon-6 chips, including the building and warehouse, as well as the installation of production lines and equipment, is in progress at end of 1Q16. The Group expects to commence production and sales of Nylon-6 chips in the third quarter of 2016. In addition to the amount of capital commitments stated above, the Group will have further capital expenditure of approximately RMB398 million for Nylon-6 Chip business which had not been

contracted with the suppliers as at 31 March 2016. 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 Group will make further announcements about development of the new plant at the appropriate point in time.

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 1Q16.

13. Interested Person Transactions

Interested person transaction carried out during the three months ended 31 March 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)	Aggregate value of all interested person transaction conducted under shareholder's mandate pursuant to Rule 920 (excluding transactions less than $100,000)
	RMB'000	**RMB'000**
Rental expenses to Xiamen Changtian Plastic & Chemical Co., Ltd ("Xiamen Changtian")	575	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 Appendix 7.7.

BY ORDER OF THE BOARD

Yang Qingjin
Executive Chairman
12 May 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 first financial quarter results of the Group for the financial period ended 31 March 2016 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Yang Qingjin	Qiu Wei Cai
Executive Chairman	Finance Director

Date: 12 May 2016