



Changtian Plastic & Chemical Limited

Full Year Financial Statements and Dividend Announcement for the Year Ended 31 December 2015

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			Year ended		
	31/12/2015 <Unaudited> RMB'000	31/12/2014 <Unaudited> RMB'000	Change %	31/12/2015 <Unaudited> RMB'000	31/12/2014 <Unaudited> RMB'000	Change %
<i>Continuing operations</i>						
Revenue	10,500	29,446	(64.3)	50,790	120,973	(58.0)
Cost of sales	(7,115)	(23,122)	(69.2)	(41,821)	(95,082)	(56.0)
Gross profit	3,385	6,324	(46.5)	8,969	25,891	(65.4)
Other income	2,183	4,234	(48.4)	12,696	16,890	(24.8)
Selling and distribution costs	(629)	(1,058)	(40.5)	(2,672)	(4,166)	(35.9)
Administrative expenses	(5,422)	(4,290)	26.4	(19,388)	(17,387)	11.5
Other (losses)/gains, net	(15,055)	6,291	N/M *	(15,055)	4,810	N/M *
(Loss)/profit before income tax	(15,538)	11,501	N/M *	(15,450)	26,038	N/M *
Income tax credit/(expense)	(1,947)	2,237	N/M *	(3,862)	(2,420)	59.6
(Loss)/profit for the period/year	(17,485)	13,738	N/M *	(19,312)	23,618	N/M *
<i>Discontinued operations</i>						
Profit for the period/year	-	-	-	12,225	-	N/A **
(Loss)/profit for the period/year and attributable to the owners of the Company	(17,485)	13,738	N/M *	(7,087)	23,618	N/M *
Other comprehensive income for the period/year	-	-	-	-	-	-
Total comprehensive income attributable to the owners of the Company	(17,485)	13,738	N/M *	(7,087)	23,618	N/M *

*N/M – not meaningful

**N/A – not applicable

Notes:

- 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.
- (Loss)/profit for the period/ year is arrived at after charging/(crediting) the followings:

	Group					
	Three months ended			Year ended		
	31/12/2015	31/12/2014	Change	31/12/2015	31/12/2014	Change
	<Unaudited>	<Unaudited>		<Unaudited>	<Unaudited>	
RMB'000	RMB'000	%	RMB'000	RMB'000	%	
Interest income	(2,183)	(4,234)	(48.4)	(12,696)	(16,890)	(24.8)
Depreciation	(112)	(295)	(62.0)	2,215	1,265	75.1
Exchange (gain)/loss, net	35	(11)	N/M *	6	2	200.0
Write-off of property, plant and equipment	-	-	-	-	1,481	N/A **
Amortization of prepaid premium for leasehold land under operating leases	103	103	-	413	309	33.7
Impairment losses/(reversal of impairment losses) on property, plant and equipment	15,055	(6,291)	N/M *	15,055	(6,291)	N/M *
(Gain)/loss on disposal of property, plant and equipment, net						
- Continuing operations	(5)	-	N/A **	7	-	N/A **
- Discontinued operations	-	-	-	(12,225)	-	N/A **

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	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	<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	459,193	79,613	-	-
Prepaid premium for leasehold land under operating leases	19,803	20,216	-	-
Deposits	2,924	40,906	-	-
Deferred tax assets	-	3,530	-	-
	<u>481,920</u>	<u>144,265</u>	<u>125,175</u>	<u>125,175</u>
Current assets				
Inventories	2,608	4,227	-	-
Trade receivables	12,206	33,957	-	-
Prepayments, deposits and other receivables	17,446	2,197	175	27
Tax recoverable	1,337	-	-	-
Due from a subsidiary	-	-	369,998	375,996
Cash and bank balances	776,431	961,128	-	-
	<u>810,028</u>	<u>1,001,509</u>	<u>370,173</u>	<u>376,023</u>
Current liabilities				
Trade payables	3,018	11,548	-	-
Accruals and other payables	225,638	61,104	2,567	1,938
Tax payable	2,350	2,743	-	-
	<u>231,006</u>	<u>75,395</u>	<u>2,567</u>	<u>1,938</u>
Net current assets	<u>579,022</u>	<u>926,114</u>	<u>367,606</u>	<u>374,085</u>
Non-current liabilities				
Deferred tax liabilities	4,650	7,000	-	-
Net assets	<u>1,056,292</u>	<u>1,063,379</u>	<u>492,781</u>	<u>499,260</u>
EQUITY				
Equity attributable to the owners of the Company				
Share capital	166,295	166,295	166,295	166,295
Reserves	889,997	897,084	326,486	332,965
Total equity	<u>1,056,292</u>	<u>1,063,379</u>	<u>492,781</u>	<u>499,260</u>

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		Year ended	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	<Unaudited>	<Unaudited>	<Unaudited>	<Audited>
	RMB'000	RMB'000	RMB'000	RMB'000
Cash flows from operating activities				
(Loss)/profit before income tax				
- from continuing operations	(15,538)	11,501	(15,450)	26,038
- from discontinued operations	-	-	12,225	-
(Loss)/profit before income tax, total	(15,538)	11,501	(3,225)	26,038
Adjustments for:				
Interest income	(2,183)	(4,234)	(12,696)	(16,890)
Depreciation of property, plant and equipment	(112)	(295)	2,215	1,265
Net gains on disposals of property, plant and equipment from discontinued operations	-	-	(12,225)	-
Net (gains)/losses on disposals of property, plant and equipment from continuing operations	(5)	-	7	-
Amortization of prepaid premium for leasehold land under operating leases	103	103	413	309
Impairment losses/(reversal of impairment losses) on property, plant and equipment	15,055	(6,291)	15,055	(6,291)
Write-off of property, plant and equipment	-	-	-	1,481
Operating (loss)/profit before working capital changes	(2,680)	784	(10,456)	5,912
Decrease in inventories	837	2,110	1,619	2,073
Decrease/(increase) in trade receivables	(1,364)	1,308	21,751	(1,884)
Decrease/(increase) in prepayments, deposits and other receivables	(1,488)	607	(16,449)	218
Decrease in trade payables	(2,909)	(661)	(8,530)	(931)
(Decrease)/increase in accruals and other payables	(4,784)	(3,660)	2,657	1,201
Cash generated from/(used in) operations	(12,388)	488	(9,408)	6,589
Interest received	2,583	8,034	13,896	16,890
Income tax (paid)/refunded	205	(739)	(4,412)	(5,932)
Net cash (used in)/generated from operating activities	(9,600)	7,783	76	17,547
Cash flows from investing activities				
Decrease/(increase) in deposits	57,955	(8,945)	37,982	(16,354)
Decrease in time deposit with initial maturity of not less than three months	500,000	-	500,000	-
Payments for purchases of property, plant and equipment	(111,224)	(1,468)	(234,980)	(3,393)
Net proceeds on disposals of property, plant and equipment	8,558	-	12,225	-
Net cash generated from/(used in) investing activities	455,289	(10,413)	315,227	(19,747)
Net increase/(decrease) in cash and cash equivalents	445,689	(2,630)	315,303	(2,200)
Cash and cash equivalents at beginning of period/year	330,742	463,758	461,128	463,328
Cash and cash equivalents at end of period/year	776,431	461,128	776,431	461,128
Analysis of balances of cash and cash equivalents				
Cash and bank balances	776,431	961,128	776,431	961,128
Less: Time deposits with initial maturity of not less than three months	-	(500,000)	-	(500,000)
Cash and cash equivalents	776,431	461,128	776,431	461,128

Note: During the year ended 31 December 2015, additions of property, plant and equipment amounted to RMB396,857,000, of which RMB161,877,000 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 December 2014)

	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 October 2014 (Unaudited)	166,295	329,523	32,298	100,765	420,760	1,049,641
Profit and total comprehensive income for the period	-	-	-	-	13,738	13,738
Transfer to statutory and other reserves	-	-	-	1,780	(1,780)	-
At 31 December 2014 (Unaudited)	166,295	329,523	32,298	102,545	432,718	1,063,379

Group (Year ended 31 December 2014)

	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 2014 (Audited)	166,295	329,523	32,298	100,765	410,880	1,039,761
Profit and total comprehensive income for the year	-	-	-	-	23,618	23,618
Transfer to statutory and other reserves	-	-	-	1,780	(1,780)	-
At 31 December 2014 (Unaudited)	166,295	329,523	32,298	102,545	432,718	1,063,379

Group (Three months ended 31 December 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 October 2015 (Unaudited)	166,295	329,523	32,298	102,545	443,116	1,073,777
Loss and total comprehensive income for the period	-	-	-	-	(17,485)	(17,485)
At 31 December 2015 (Unaudited)	166,295	329,523	32,298	102,545	425,631	1,056,292

Group (Year ended 31 December 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
Loss and total comprehensive income for the year	-	-	-	-	(7,087)	(7,087)
At 31 December 2015 (Unaudited)	166,295	329,523	32,298	102,545	425,631	1,056,292

Company (Three months ended 31 December 2014)

	Share capital RMB'000	Share premium RMB'000	Retained profits/ (accumulated losses) RMB'000	Total equity RMB'000
At 1 October 2014 (Unaudited)	166,295	329,523	(2,607)	493,211
Profit and total comprehensive income for the period	-	-	6,049	6,049
At 31 December 2014 (Unaudited)	166,295	329,523	3,442	499,260

Company (Year ended 31 December 2014)

	Share capital RMB'000	Share premium RMB'000	Retained profits RMB'000	Total equity RMB'000
At 1 January 2014 (Audited)	166,295	329,523	2,514	498,332
Profit and total comprehensive income for the year	-	-	928	928
At 31 December 2014 (Unaudited)	166,295	329,523	3,442	499,260

Company (Three months ended 31 December 2015)

	Share capital RMB'000	Share premium RMB'000	Accumulated losses RMB'000	Total equity RMB'000
At 1 October 2015 (Unaudited)	166,295	329,523	(1,391)	494,427
Loss and total comprehensive income for the period	-	-	(1,646)	(1,646)
At 31 December 2015 (Unaudited)	<u>166,295</u>	<u>329,523</u>	<u>(3,037)</u>	<u>492,781</u>

Company (Year ended 31 December 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 year	-	-	(6,479)	(6,479)
At 31 December 2015 (Unaudited)	<u>166,295</u>	<u>329,523</u>	<u>(3,037)</u>	<u>492,781</u>

- 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 9.00am 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.

There were no other changes in the Company's share capital for the years ended 31 December 2014 and 2015.

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.

	31/12/2015	31/12/2014
Total number of issued shares	<u>66,000,000</u>	<u>660,000,000</u>

There were no treasury shares as at 31 December 2014 and 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 December 2015, 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 2015. 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 2014.

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/(loss) 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		Year ended	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	<Unaudited>	<Unaudited>	<Unaudited>	<Unaudited>
<u>Basic and diluted (loss)/earnings per share</u>				
<u>Continuing operations</u>				
Net (loss)/profit attributable to the owners of the Company (RMB'000)	(17,485)	13,738	(19,312)	23,618
Weighted average number of ordinary shares in issue ('000)**	66,000	66,000	66,000	66,000
(Loss)/earnings per share (RMB cents)	<u>(26.49)</u>	<u>20.82</u>	<u>(29.26)</u>	<u>35.78</u>
<u>Continuing operations and discontinued operations</u>				
Net (loss)/profit attributable to the owners of the Company (RMB'000)	(17,485)	13,738	(7,087)	23,618
Weighted average number of ordinary shares in issue ('000)**	66,000	66,000	66,000	66,000
(Loss)/earnings per share (RMB cents)	<u>(26.49)</u>	<u>20.82</u>	<u>(10.74)</u>	<u>35.78</u>

Diluted (loss)/earnings per share for the three months and year ended 31 December 2014 and 2015 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 months and year ended 31 December 2014 and 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 2014.

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	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Net asset value per ordinary share (RMB cents)	1,600.4	1,611.2	746.6	756.5

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 December 2014 and 2015; and
- 2) The number of ordinary shares of the Company in issue of 66,000,000 as at 31 December 2014 and 2015. For the purposes of net asset value per ordinary share as at 31 December 2014, the number of ordinary shares of the Company in issue at that date has been adjusted to reflect the effect of share consolidation, as if the share consolidation had occurred on 1 January 2014.

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					Year ended				
	31/12/2015 RMB'000	% of total	31/12/2014 RMB'000	% of total	% of change	31/12/2015 RMB'000	% of total	31/12/2014 RMB'000	% of total	% of change
Revenue										
Adhesive tapes	3,827	36.4	16,828	57.2	(77.3)	24,850	48.9	68,464	56.6	(63.7)
Release papers	1,016	9.7	5,399	18.3	(81.2)	7,580	14.9	22,546	18.6	(66.4)
UV cured release film	5,657	53.9	7,219	24.5	(21.6)	18,360	36.2	29,963	24.8	(38.7)
Overall	<u>10,500</u>	<u>100.0</u>	<u>29,446</u>	<u>100.0</u>	<u>(64.3)</u>	<u>50,790</u>	<u>100.0</u>	<u>120,973</u>	<u>100.0</u>	<u>(58.0)</u>
Gross profit										
Adhesive tapes	154	4.6	3,069	48.5	(95.0)	3,026	33.7	12,894	49.8	(76.5)
Release papers	119	3.5	827	13.1	(85.6)	854	9.5	4,004	15.5	(78.7)
UV cured release film	3,112	91.9	2,428	38.4	28.2	5,089	56.8	8,993	34.7	(43.4)
Overall	<u>3,385</u>	<u>100.0</u>	<u>6,324</u>	<u>100.0</u>	<u>(46.5)</u>	<u>8,969</u>	<u>100.0</u>	<u>25,891</u>	<u>100.0</u>	<u>(65.4)</u>
					change of %					change of %
	%		%		point	%		%		point
Gross profit margin										
Adhesive tapes	4.0		18.2		(14.2)	12.2		18.8		(6.6)
Release papers	11.7		15.3		(3.6)	11.3		17.8		(6.5)
UV cured release film	55.0		33.6		21.4	27.7		30.0		(2.3)
Overall	<u>32.2</u>		<u>21.5</u>		<u>10.7</u>	<u>17.7</u>		<u>21.4</u>		<u>(3.7)</u>

8.1.1 Revenue

The Group's revenue decreased by 58.0% or RMB70.2 million from RMB121.0 million for the year ended 31 December 2014 ("FY14") to RMB50.8 million for the year ended 31 December 2015 ("FY15"). The domestic economy in the People's Republic of China (the "PRC") turned downward and the market demand of our products reduced significantly in FY15. Though the average selling price of UV cured release films was slightly increased by 3%, the average selling price of adhesive tapes and release papers were decreased over 10% in FY15. Therefore, overall revenue decreased in the current year.

8.1.2 Cost of sales and gross profit margin

Cost of sales decreased by 56.0% or RMB53.3 million from RMB95.1 million for FY14 to RMB41.8 million for FY15. In the current year, the major raw material prices of adhesive tape and UV cured release film decreased by 13.3% - 22.8% and the release paper's major material prices also decreased over 5.0%. However, the decrease was partly offset by the increase of depreciation of plant and machinery because of the reversal of impairment losses made in FY2014. As a result, the gross profit greatly decreased by 65.4% or RMB16.9 million and gross profit margin decreased by 3.7 percentage point in the current year.

8.1.3 Other income

Other income consists of interest income from bank deposits and decreased by 24.8% from RMB16.9 million for FY14 to RMB12.7 million for FY15. The decrease was mainly due to the decrease in interest rate and bank balances in the current year.

8.1.4 Selling and distribution costs

Selling and distribution costs, consisted mainly of transportation costs and staff costs, decreased by 35.9% from RMB4.2 million for FY14 to RMB2.7 million for FY15. The transportation costs and staff commission were decreased in line with the decrease of sales revenue in the current period but 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 year.

8.1.5 Administrative expenses

Administrative expenses increased by 11.5% or RMB2.0 million from RMB17.4 million for FY14 to RMB19.4 million for FY15. The increase was mainly due to the increase of staff costs and other pre-operating expenses for the development of Nylon-6 chips business in the current year. Apart from the pre-operating expenses, it also consisted mainly of directors' remuneration, professional fees and salaries.

8.1.6 Depreciation

Depreciation increased significantly by 75.1% as a reversal of impairment losses had been made on certain property, plant and equipment in FY14 which led to an increase in depreciation charges in the current year.

8.1.7 Other (losses)/gains, net

Other losses in the current year represents an impairment loss of RMB15.1 million made to certain property, plant and equipment for manufacturing of UV cured release film as their carrying amounts exceeded recoverable amounts (i.e. value in use) at the balance sheet date. The value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit in accordance with International Accounting Standard No.36. In the FY14, the other operating income consists of a reversal of impairment losses on property, plant and equipment amounting to RMB6.3 million, netting off the amount of RMB1.5 million on write-off of property, plant and equipment.

8.1.8 Income tax (expense)/credit

Income tax (expense)/credit of the Group in the current year consists of RMB0.4 million of income tax expense on 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, and RMB3.4 million of write-down of deferred tax asset. Statutory income tax rate in both years is 25%.

8.1.9 (Loss)/profit for the year from continuing operations

The Group recorded a loss of RMB19.3 million for FY15 while it had a profit of RMB23.6 million for FY14. This was mainly due to significant decrease in gross profit by 65.4% or RMB16.9 million and an impairment loss of RMB15.1 million to certain property, plant and equipment in the current year.

8.1.10 Profit for the year from discontinued operations

The amount represents the gain on disposal of production facilities of 2-A2MPS business.

8.2 Review on financial position and cash flows of the Group

8.2.1 Non-current assets

Property, plant and equipment (“PPE”) increased by 476.8% or RMB379.6 million from RMB79.6 million as at 31 December 2014 to RMB459.2 million as at 31 December 2015. 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 FY15. In addition, the production lines and many machines and equipment for Nylon-6 chips business had been delivered to the factory in the current year, so the deposits to the suppliers of machinery and equipment had been transferred to PPE and the balance of deposits decreased by 92.9% or RMB38.0 million from RMB40.9 million as at 31 December 2014 to RMB2.9 million as at 31 December 2015. In addition, the Group had written down a deferred tax asset of RMB3.5 million on the impairment losses made on property, plant and equipment because the realization of the related tax benefits through future taxable profits was uncertain.

8.2.2 Current assets and cash flows

Current assets of the Group decreased by 19.1% or RMB191.5 million from RMB1,001.5 million as at 31 December 2014 to RMB810.0 million as at 31 December 2015. The customer orders received by the Group decreased in FY15 and the Company’s management reviewed the inventory level and revised the minimum level occasionally. Thus, the inventories decreased from RMB4.2 million as at 31 December 2014 to RMB2.6 million as at 31 December 2015. Since the Group’s sales revenue decreased in the current year, its trade receivables decreased by 64.1% or RMB21.8 million from RMB34.0 million as at 31 December 2014 to RMB12.2 million as at 31 December 2015. Moreover, the VAT credit on acquisition of production lines have significantly increased the prepayments, deposits and other receivables from RMB2.2 million as at 31 December 2014 to RMB17.4 million as at 31 December 2015.

The Group only generated net cash inflows of RMB0.1 million from its operating activities in FY15. With the exception of a decrease in time deposit with initial maturity of not less than three months, there was a net cash used in investing activities of RMB184.8 million mainly attributable to the payments for purchases of property, plant and equipment and an

increase in deposits made on the machines and equipment for Nylon-6 chips business in the current year. Hence its cash and bank balances decreased by 19.2% or RMB184.7 million from RMB961.1 million as at 31 December 2014 to RMB776.4 million as at 31 December 2015.

8.2.3 Current liabilities

Current liabilities of the Group increased significantly by 206.4% or RMB155.6 million from RMB75.4 million as at 31 December 2014 to RMB231.0 million as at 31 December 2015. The increase was mainly attributable to the increase in accruals and other payables which consisted primarily of the payables to main contractor for progress payments of Nylon-6 chips factory's construction and the payables to the suppliers of machines and equipment for Nylon-6 chips business. The above increase was partly offset by the decrease of trade payables due to the reduction of raw materials purchases.

8.2.4 Non-current liabilities

Non-current liabilities for the Group as at 31 December 2015 and 2014 represented the deferred tax liabilities in relation to withholding tax on undistributed profits of Changtian Enterprise. The decrease of deferred tax liabilities was due to the re-classification of tax liabilities to tax payable under current liabilities in the current year.

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 78% and the Group has the committed capital on acquisition of machinery and equipment and construction of plant of approximately RMB207 million as of the balance sheet date. The decoration of buildings and warehouse spaces as well as the installation of production lines and equipment are under processing. The Group anticipates that they should be completed in the second quarter of 2016. In addition to the amount of capital commitments stated above, the Group will have further capital expenditure of approximately RMB418 million for Nylon-6 Chip

business which had not been contracted with the suppliers as at 31 December 2015. 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 supports from the substantial shareholders in the next 12 months. Besides, The Group had obtained a notification from the local government that the Department of Land and Resources of Fujian Province had approved the land swap and it was also processing the required procedures. The Group expects the land swap will be completed in the near future. The Company continues to endeavor to keep shareholders updated on a timely manner as and when any new information is available to us.

As for our existing products, the global market continues to fluctuate and market competition remains uncertain. The Group will continue to monitor closely on positive sign of industry recovery, as well as impose stringent cost controls to maintain profitability.

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 the year ended 31 December 2015.

13. Interested Person Transactions

Interested person transaction carried out during the year ended 31 December 2015:

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")	2,300	N/A

Note: Rental expenses to Xiamen Changtian, in which Mr. Chen Yongfu, a director of the Company, and Ms. Chen Baohua, who is the wife of Mr. Yang Qingjin, a director of the Company, and the sister of Mr. Chen Yongfu, 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 on in Appendix 7.7.

**PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR
ANNOUNCEMENTS (This part is not applicable to Q1, Q2, Q3 or Half year Results)**

- 15. Segmental revenue and results for business or geographical segments (of the group) in the form presented in the issuer’s most recently audited annual financial statements, with comparative information for the immediately preceding year.**

	2015				
	Adhesive tapes RMB'000	Release papers RMB'000	UV cured release film RMB'000	Nylon-6 chips RMB'000	Group RMB'000
Segment revenue:					
Net sales to external customers	24,850	7,580	18,360	-	50,790
Segment results	(946)	(356)	(10,867)	(6,279)	(18,448)
Interest income					12,696
Unallocated expenses					(5,934)
Directors' emoluments					(3,764)
Loss before income tax					<u>(15,450)</u>

	2014				
	Adhesive tapes RMB'000	Release papers RMB'000	UV cured release film RMB'000	Nylon-6 chips RMB'000	Group RMB'000
Segment revenue:					
Net sales to external customers	68,464	22,546	29,963	-	120,973
Segment results	7,365	2,184	11,259	(5,155)	15,653
Interest income					16,890
Unallocated expenses					(2,694)
Directors' emoluments					(3,811)
Profit before income tax					<u>26,038</u>

- 16. In view of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments**

The decrease of revenue for all segments was due to the deterioration of domestic economy and decrease of market demand. Besides, the segment of UV cured release film was the highest loss-maker for FY15 while it was the most profitable one for FY14. This was mainly due to an impairment loss on its property, plant and equipment in the current year while it had an reversal of impairment loss on property, plant and equipment in the FY14.

17. A breakdown of sales

	Latest Financial Year RMB'000	Previous Financial Year RMB'000	% increase/ (decrease)
Sales reported for first half year	<u>30,917</u>	<u>60,688</u>	(49.1)
Profit for first half year	<u>12,764</u>	<u>5,797</u>	120.2
Sales reported for second half year	<u>19,873</u>	<u>60,285</u>	(67.0)
(Loss)/profit for second half year	<u>(19,851)</u>	<u>17,821</u>	N/M

18. A breakdown of the total annual dividend (in dollar value) or the issuer's latest full year and its previous full year.

	Latest Full Year RMB'000	Previous Full Year RMB'000
Ordinary	-	-
Preference	<u>N/A</u>	<u>N/A</u>
Total:	<u>-</u>	<u>-</u>

19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year.
Chen Yongfu	52	Brother-in-law of the Chairman and Executive Director, Mr Yang Qingjin	Deputy Chairman and Executive Director. Responsible for the business planning and corporate development of the Group. Appointed on 24 April 2007.	Not applicable.

BY ORDER OF THE BOARD

Yang Qingjin
Executive Chairman
25 February 2016