Changtian Plastic & Chemical Limited

Half Year Financial Statements for the Six Months Ended 30 June 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			Six months ended		
	30/6/2016 <Unaudited> RMB'000	30/6/2015 <Unaudited> RMB'000	Change %	30/6/2016 <Unaudited> RMB'000	30/6/2015 <Unaudited> RMB'000	Change %
Continuing operations						
Revenue	9,950	10,597	(6.1)	19,634	30,917	(36.5)
Cost of sales	(6,554)	(9,352)	(29.9)	(13,138)	(26,319)	(50.1)
Gross profit	3,396	1,245	172.8	6,496	4,598	41.3
Other income	1,068	4,184	(74.5)	2,934	8,377	(65.0)
Selling and distribution costs	(603)	(619)	(2.6)	(1,218)	(1,443)	(15.6)
Administrative expenses	(6,638)	(4,647)	42.8	(12,414)	(9,203)	34.9
(Loss)/profit before income tax	(2,777)	163	N/M *	(4,202)	2,329	N/M *
Income tax expense	(2,535)	(1,205)	110.4	(2,958)	(1,790)	65.3
(Loss)/profit for the period	(5,312)	(1,042)	409.8	(7,160)	539	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	(5,312)	(1,042)	409.8	(7,160)	12,764	N/M *
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period and attributable to the owners of the Company	(5,312)	(1,042)	409.8	(7,160)	12,764	N/M *

* N/M – not meaningful

** N/A – not applicable

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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			Six months ended		
	30/6/2016 <Unaudited> RMB'000	30/6/2015 <Unaudited> RMB'000	Change %	30/6/2016 <Unaudited> RMB'000	30/6/2015 <Unaudited> RMB'000	Change %
Interest income	(1,063)	(4,184)	(74.6)	(2,929)	(8,377)	(65.0)
Depreciation of property, plant and equipment	278	588	(52.7)	429	1,542	(72.2)
Exchange (gain)/loss, net	(28)	13	N/M *	(5)	17	N/M *
Amortization of prepaid premium for leasehold land under operating leases	103	103	-	206	207	(0.5)
(Gain)/loss on disposal of property, plant and equipment, net						
- Continuing operations	-	-	-	-	12	(100.0)
- Discontinued operations	-	-	-	-	(12,225)	(100.0)
Under-provision of income tax in respect of prior years	2,116	-	N/A **	2,116	-	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	
	30/6/2016 <Unaudited> RMB'000	31/12/2015 <Audited> RMB'000	30/6/2016 <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	847,671	459,193	-	-
Prepaid premium for leasehold land under operating leases	19,597	19,803	-	-
Deposits	2,868	2,924	-	-
	870,136	481,920	125,175	125,175
Current assets				
Inventories	1,679	2,608	-	-
Trade receivables	11,695	12,206	-	-
Prepayments, deposits and other receivables	26,668	17,446	159	175
Current tax assets	-	1,337	-	-
Due from a subsidiary	-	-	367,018	369,998
Cash and bank balances	356,633	776,431	-	-
	396,675	810,028	367,177	370,173
Current liabilities				
Trade payables	2,521	3,018	-	-
Accruals and other payables	207,677	225,638	2,928	2,567
Current tax liabilities	2,831	2,350	-	-
	213,029	231,006	2,928	2,567
Net current assets	183,646	579,022	364,249	367,606
Non-current liabilities				
Deferred tax liabilities	4,650	4,650	-	-
Net assets	1,049,132	1,056,292	489,424	492,781
EQUITY				
Equity attributable to the owners of the Company				
Share capital	166,295	166,295	166,295	166,295
Reserves	882,837	889,997	323,129	326,486
Total equity	1,049,132	1,056,292	489,424	492,781

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		Six months ended	
	30/6/2016 <Unaudited> RMB'000	30/6/2015 <Unaudited> RMB'000	30/6/2016 <Unaudited> RMB'000	30/6/2015 <Unaudited> RMB'000
Cash flows from operating activities				
(Loss)/profit before income tax				
- from continuing operations	(2,777)	163	(4,202)	2,329
- from discontinued operations	-	-	-	12,225
(Loss)/profit before income tax, total	(2,777)	163	(4,202)	14,554
Adjustments for:				
Interest income	(1,063)	(4,184)	(2,929)	(8,377)
Depreciation of property, plant and equipment	278	588	429	1,542
Net gains on disposal of property, plant and equipment from discontinued operations	-	-	-	(12,225)
Net losses on disposal of property, plant and equipment from continuing operations	-	-	-	12
Amortization of prepaid premium for leasehold land under operating leases	103	103	206	207
Operating loss before working capital changes	(3,459)	(3,330)	(6,496)	(4,287)
Decrease in inventories	353	1,174	929	2,735
(Increase)/decrease in trade receivables	(196)	10,584	511	21,764
Increase in prepayments, deposits and other receivables	(9,657)	(7,963)	(10,022)	(8,098)
Decrease in trade payables	(314)	(1,713)	(497)	(8,701)
Increase in accruals and other payables	10,767	3,804	10,883	3,260
Cash (used in)/generated from operations	(2,506)	2,556	(4,692)	6,673
Interest received	1,863	7,975	3,729	8,377
Income tax paid	(1,140)	(180)	(1,140)	(2,476)
Net cash (used in)/generated from operating activities	(1,783)	10,351	(2,103)	12,574
Cash flows from investing activities				
Payments for purchases of property, plant and equipment	(262,908)	(100,212)	(417,751)	(101,135)
Net proceeds on disposal of property, plant and equipment	-	-	-	3,667
Decrease/(increase) in deposits	1,082	(19,198)	56	(19,198)
Net cash used in investing activities	(261,826)	(119,410)	(417,695)	(116,666)
Net decrease in cash and cash equivalents	(263,609)	(109,059)	(419,798)	(104,092)
Cash and cash equivalents at beginning of period	620,242	466,095	776,431	461,128
Cash and cash equivalents at end of period	356,633	357,036	356,633	357,036
Analysis of balances of cash and cash equivalents				
Cash and bank balances	356,633	857,036	356,633	857,036
Less: Time deposits with initial maturity of not less than three months	-	(500,000)	-	(500,000)
Cash and cash equivalents	356,633	357,036	356,633	357,036

Note: During the six months ended 30 June 2016, additions of property, plant and equipment amounted to RMB388,907,000, payments of RMB417,751,000 included payables to suppliers to 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 30 June 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 April 2015 (Unaudited)	166,295	329,523	32,298	102,545	446,524	1,077,185
Loss and total comprehensive income for the period	-	-	-	-	(1,042)	(1,042)
At 30 June 2015 (Unaudited)	166,295	329,523	32,298	102,545	445,482	1,076,143

Group (Six months ended 30 June 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	-	-	-	-	12,764	12,764
At 30 June 2015 (Unaudited)	166,295	329,523	32,298	102,545	445,482	1,076,143

Group (Three months ended 30 June 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 April 2016 (Unaudited)	166,295	329,523	32,298	102,545	423,783	1,054,444
Loss and total comprehensive income for the period	-	-	-	-	(5,312)	(5,312)
At 30 June 2016 (Unaudited)	166,295	329,523	32,298	102,545	418,471	1,049,132

Group (Six months ended 30 June 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	-	-	-	-	(7,160)	(7,160)
At 30 June 2016 (Unaudited)	166,295	329,523	32,298	102,545	418,471	1,049,132

Company (Three months ended 30 June 2015)

	Share capital RMB'000	Share premium RMB'000	Retained profits RMB'000	Total equity RMB'000
At 1 April 2015 (Unaudited)	166,295	329,523	1,914	497,732
Loss and total comprehensive income for the period	-	-	(1,909)	(1,909)
At 30 June 2015 (Unaudited)	166,295	329,523	5	495,823

Company (Six months ended 30 June 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	-	-	(3,437)	(3,437)
At 30 June 2015 (Unaudited)	166,295	329,523	5	495,823

Company (Three months ended 30 June 2016)

	Share capital RMB'000	Share premium RMB'000	Accumulated losses RMB'000	Total equity RMB'000
At 1 April 2016 (Unaudited)	166,295	329,523	(4,487)	491,331
Loss and total comprehensive income for the period	-	-	(1,907)	(1,907)
At 30 June 2016 (Unaudited)	166,295	329,523	(6,394)	489,424

Company (Six months ended 30 June 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	-	-	(3,357)	(3,357)
At 30 June 2016 (Unaudited)	166,295	329,523	(6,394)	489,424

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 June 2015 and 2016.

There were no changes in the Company's share capital for the three and six months ended 30 June 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.

	30/6/2016	31/12/2015
Total number of issued shares	66,000,000	66,000,000

There were no treasury shares as at 30 June 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 June 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		Six months ended	
	30/6/2016 <Unaudited>	30/6/2015 <Unaudited>	30/6/2016 <Unaudited>	30/6/2015 <Unaudited>
Basic and diluted (loss)/earnings per share				
Continuing operations				
Net (loss)/profit attributable to the owners of the Company (RMB'000)	(5,312)	(1,042)	(7,160)	539
Weighted average number of ordinary shares in issue ('000)	66,000	66,000 **	66,000	66,000 **
(Loss)/earnings per share (RMB cents)	(8.05)	(1.58)	(10.85)	0.82
Continuing operations and discontinued operations				
Net (loss)/profit attributable to the owners of the Company (RMB'000)	(5,312)	(1,042)	(7,160)	12,764
Weighted average number of ordinary shares in issue ('000)	66,000	66,000 **	66,000	66,000 **
(Loss)/earnings per share (RMB cents)	(8.05)	(1.58)	(10.85)	19.34

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

** The weighted average number of ordinary shares for the three months ended and six months ended 30 June 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	
	30/6/2016 <Unaudited>	31/12/2015 <Unaudited>	30/6/2016 <Unaudited>	31/12/2015 <Unaudited>
Net asset value per ordinary share (RMB cents)	**1,589.6**	**1,600.4**	**741.6**	**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 June 2016 and 31 December 2015; and
2) The number of ordinary shares of the Company is issue of 65,999,998 as at 30 June 2016 and 31 December 2015 for the purposes of net asset value per ordinary share has been adjusted to reflect the effect of share consolidation, as if the share consolidation had occurred on 1 January 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					Six months ended				
	30/6/2016 <Unaudited> RMB'000	% of total	30/6/2015 <Unaudited> RMB'000	% of total	% of change	30/6/2016 <Unaudited> RMB'000	% of total	30/6/2015 <Unaudited> RMB'000	% of total	% of change
Revenue										
Adhesive tapes	3,753	37.7	4,590	43.3	(18.2)	7,550	38.5	16,144	52.2	(53.2)
Release papers	923	9.3	1,866	17.6	(50.5)	1,894	9.6	5,529	17.9	(65.7)
UV cured release film	5,274	53.0	4,141	39.1	27.4	10,190	51.9	9,244	29.9	10.2
Total/overall	9,950	100.0	10,597	100.0	(6.1)	19,634	100.0	30,917	100.0	(36.5)
Gross profit										
Adhesive tapes	492	14.5	347	27.9	41.8	661	10.2	2,410	52.4	(72.6)
Release papers	140	4.1	176	14.1	(20.5)	288	4.4	685	14.9	(58.0)
UV cured release film	2,764	81.4	722	58.0	282.8	5,547	85.4	1,503	32.7	269.1
Total/overall	3,396	100.0	1,245	100.0	172.8	6,496	100.0	4,598	100.0	41.3
	%		%		change of % point	%		%		change of % point
Gross profit margin										
Adhesive tapes	13.1		7.6		5.5	8.7		14.9		(6.2)
Release papers	15.2		9.4		5.8	15.2		12.4		2.8
UV cured release film	52.4		17.4		35.0	54.4		16.2		38.2
Overall	34.2		11.8		22.4	33.1		14.9		18.2

8.1.1 Revenue

Revenue of the Group decreased by 6.1% or RMB0.6 million from RMB10.6 million for the three months ended 30 June 2015 ("2Q15") to RMB10.0 million for the three months ended 30 June 2016 ("2Q16"). The global economy was fluctuated and the domestic economy in the People's Republic of China (the "PRC") was still slowdown in 2Q16. The customers' orders of all product segments were decreased but the decrease of sales volume was partially offset by the increase of their selling prices. Therefore, overall revenue decreased slightly in the current period.

8.1.2 Cost of sales and gross profit margin

Cost of sales decreased by 29.9% or RMB2.8 million from RMB9.4 million for 2Q15 to RMB6.6 million for 2Q16. In the current period, the major raw material prices decreased 7% - 30% as compared to those in 2Q15. Besides, the depreciation of property, plant and equipment decreased because of the impairment losses made in the fourth quarter of 2015. As a result, the gross profit greatly increased by 1.7 times and gross profit margin increased by 22.4 percentage point in the current period.

8.1.3 Other income

Other income is mainly 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, which comprises mainly of transportation costs and staff costs, decreased gently by 2.6% in 2Q16. The transportation costs 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 period.

8.1.5 Administrative expenses

Administrative expenses increased by 42.8% or RMB2.0 million from RMB4.6 million for 2Q15 to RMB6.6 million for 2Q16. 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.

8.1.6 Income tax expense

Income tax expense increased by 110.4% or RMB1.3 million from RMB1.2 million for 2Q15 to RMB2.5 million for 2Q16. In the current period, the PRC tax bureau rejected a tax credit to loss on disposal of 2-A2MPS production facilities incurred for the year of assessment 2015. A provision of RMB2.1 million for income tax was made accordingly. 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

The loss for the period increased by 4.1 times from RMB1.0 million for 2Q15 to RMB5.3 million for 2Q16. Although the Group' gross profit grew in the current period, the increase in administrative expenses and income tax expense together with the decrease of other income enlarged the loss for 2Q16.

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 84.6% or RMB388.5 million from RMB459.2 million as at 31 December 2015 to RMB847.7 million as at 30 June 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 first half of 2016 ("1H16").

8.2.2 Current assets and cash flows

Current assets of the Group decreased from RMB810.0 million as at 31 December 2015 to RMB396.7 million as at 30 June 2016. The customer orders received by the Group decreased in 2Q16 and the Group maintained the inventory at a minimum level for meeting the customers' demands. Thus, the inventories decreased from RMB2.6 million as at 31 December 2015 to RMB1.7 million as at 30 June 2016. Since the Group's sales revenue decreased in the current period, its trade receivables dropped slightly from RMB12.2 million as at 31 December 2015 to RMB11.7 million as at 30 June 2016. Moreover, the increase of VAT credit on acquisition of production lines also increased the prepayments, deposits and other receivables from RMB17.4 million as at 31 December 2015 to RMB26.7 million as at 30 June 2016.

The Group had RMB417.8 million of net cash used in investing activities in 1H16. Hence its cash and cash equivalents decreased from RMB776.4 million as at 31 December 2015 to RMB356.6 million as at 30 June 2016.

8.2.3 Current liabilities

Current liabilities of the Group decreased by 7.8% or RMB18.0 million from RMB231.0 million as at 31 December 2015 to RMB213.0 million as at 30 June 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 1H16.

8.2.4 Non-current liabilities

Non-current liabilities of the Group as at 30 June 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 installation of production lines and equipment had completed in 2Q16. However, due to the poor weather in the current period, the construction works for Nylon-6-Chip Development has not been able to progress in accordance with its schedule. The Group had only completed around 89% of construction works as and has the committed capital on acquisition of machinery and equipment and construction of plant of approximately RMB72.5 million of the balance sheet date. The Company's management expects the completion of the construction works for Nylon-6-Chip Development to be delayed to October 2016. As a result of the delay in completion of the Nylon-6-Chip Development, the production and sales of Nylon-6 Chips are expected to commence in the fourth quarter of 2016. 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 2Q16.

13. Interested Person Transactions

Interested person transaction carried out during the six months ended 30 June 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")	1,150	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 August 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 half year financial results of the Group for the half year ended 30 June 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 August 2016