



Anchun International Holdings Ltd.

(Incorporated in Singapore)
(Company registration number: 200920277C)

Unaudited Results for the Fourth Quarter and the Year Ended 31 December 2013

INTRODUCTION

Anchun International Holdings Ltd ("Anchun") is a leading integrated EPC provider of process technology, design, manufacturing and engineering services to the PRC environmental protection industry, and petrochemical and chemical industries, in particular, ammonia and methanol industries.

Anchun's integrated business model is anchored on strong R&D capabilities and registered patents for our key technologies, and allows us to capture value across the value chain from system design, system manufacturing and project management, and after-sales. Based on core principles of production efficiency, energy saving and environmental protection, our range of integrated chemical systems engineering and technology solutions can be broadly categorised as follows:-

- (i) Chemical systems engineering and technology design services ("**CET Engineering Design Services**");
- (ii) Chemical systems and components, including reactors applicable in a wide range of various reactions, pressure vessels and other auxiliary equipment; along with chemical process technologies such as alcohol-hydrocarbon reactor technology, ammonia synthesis reactor technology and methanol synthesis reactor technology, gasification technology and CO shift technology ("**CSC Business**"); and
- (iii) Catalysts and pre-reduced catalysts and other products ("**Catalysts Business**")

Anchun's chemical systems are generally used by our customers to produce ammonia and methanol, which are subsequently used as crucial feedstock in our customers' production system to produce other downstream products such as urea, compound fertiliser, methanol fuel, formaldehyde, dimethyl ether and explosives.

Anchun has received several enterprise awards and accolades, including the status of Designated Company for Technological Support for China Petroleum & Chemical Industry in Environmental Protection and Green Production (中国石油和化工行业环境保护与清洁生产重点支撑技术单位) and 2013 Outstanding Technological Advancement Award (工业科技进步奖) conferred by both the China Fertilizer Industry Association (中国氮肥工业协会) and the China Petroleum and Chemical Industries Association (中国石油和化学工业联合会).

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

1(a)(i) An income statement and statement of comprehensive income or a statement of comprehensive income (for the Group) together with a comparative statements for the corresponding period of the immediately preceding financial year.

The Group's operations are principally conducted in the People's Republic of China ("PRC"). Accordingly, the consolidated financial statements have been prepared in Chinese Renminbi ("RMB"), being the functional currency of the Company and its subsidiary.

	Group			Group		
	Unaudited	Unaudited	Change	Unaudited	Audited	Change
	3 months ended			12 months ended		
	31/12/2013	31/12/2012		31/12/2013	31/12/2012	
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue	36,434	34,513	5.6%	134,120	125,468	6.9%
Cost of sales	(25,389)	(23,882)	6.3%	(87,491)	(95,942)	-8.8%
Gross Profit	11,045	10,631	3.9%	46,629	29,526	57.9%
Other item of income						
Finance and other income	5,054	3,135	61.2%	9,981	13,526	-26.2%
Other items of expenses						
Marketing and distribution expenses	(1,991)	(2,034)	-2.1%	(5,361)	(6,363)	-15.7%
Administrative expenses	(15,041)	(14,263)	5.5%	(44,451)	(49,467)	-10.1%
Other expenses	-	(7,184)	N.M	-	(10,171)	N.M
Finance costs	(406)	(540)	-24.8%	(1,669)	(2,163)	-22.8%
(Loss)/profit before tax	(1,339)	(10,255)	-86.9%	5,129	(25,112)	N.M
Income tax credit	1,702	163	944.2%	1,991	163	1,121%
Profit/(loss) from operations, net of tax	363	(10,092)	N.M	7,120	(24,949)	N.M
Total comprehensive income for the period/year attributable to owners of the Company	363	(10,092)	N.M	7,120	(24,949)	N.M

N.M. - not meaningful

1(a)(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year

(i) (Loss)/profit before tax is arrived at after charging/(crediting) the following:

	Group			Group		
	Unaudited	Unaudited	Change	Unaudited	Audited	Change
	3 months ended			12 months ended		
	31/12/2013	31/12/2012		31/12/2013	31/12/2012	
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Depreciation of property, plant and equipment ("PPE")	3,097	3,392	-8.7%	12,832	13,306	-3.6%
Depreciation of investment property	44	44	-	176	176	-
Amortisation of land use rights	91	91	-	366	365	0.3%
Amortisation of intangible assets	14	26	-46.2%	66	129	-48.8%
(Write-back)/allowance for impairment of trade receivables, net	(930)	7,184	N.M.	(353)	10,171	N.M.
(Write-back)/allowance for inventory obsolescence	(1,072)	1,493	N.M.	(1,072)	1,493	N.M.
Loss on disposal of PPE	7	12	-41.7%	117	31	277.4%
Exchange loss/(gain)	84	(24)	N.M.	387	(550)	N.M.
Allowance/(write-back) for after-sale expenses	9	(194)	N.M.	32	31	3.2%
Research and development ("R&D") expenses	3,564	617	477.6%	5,546	7,295	-24.0%
Finance income	(976)	(1,133)	-13.6%	(3,851)	(3,383)	13.8%
Finance costs	406	541	-25.0%	1,669	2,163	-22.8%

N.M. - not meaningful

1(b)(i) Statement of financial position (for company and group), together with comparatives as at the end of the immediately preceding financial year

	Group		Company	
	Unaudited 31/12/2013 RMB'000	Audited 31/12/2012 RMB'000	Unaudited 31/12/2013 RMB'000	Audited 31/12/2012 RMB'000
ASSETS				
Non-current assets				
Property, plant and equipment	122,613	130,670	–	–
Intangible assets	11	77	–	–
Land use rights	15,171	15,537	–	–
Deferred tax assets	153	1,615	–	–
Investment in a subsidiary	–	–	75,000	75,000
Investment property	1,140	1,316	–	–
Prepayments	2,776	83	–	–
	141,864	149,298	75,000	75,000
Current assets				
Inventories	62,265	71,621	–	–
Trade and other receivables	47,741	34,926	25,504	25,532
Bills receivable	22,372	16,634	–	–
Prepayments	3,176	2,076	83	114
Cash and cash equivalents	189,829	223,019	33,406	37,818
	325,383	348,276	58,993	63,464
Total assets	467,247	497,574	133,993	138,464
EQUITY AND LIABILITIES				
Current liabilities				
Trade and other payables	99,089	119,272	–	–
Advances from customers	35,006	49,000	–	–
Other liabilities	16,180	14,150	1,429	2,131
Provision for after-sale expenses	63	31	–	–
Income tax payable	3,434	8,766	–	–
	153,772	191,219	1,429	2,131
Net current assets	171,611	157,057	57,564	61,333
Non-current liability				
Deferred tax liabilities	100	100	–	–
	100	100	–	–
Total liabilities	153,872	191,319	1,429	2,131
Net assets	313,375	306,255	132,564	136,333
Equity attributable to owners of the Company				
Share capital	149,278	149,278	149,278	149,278
Treasury shares	(430)	(430)	(430)	(430)
Other reserves	115,880	113,785	–	–
Accumulated profits/(loss)	48,647	43,622	(16,284)	(12,515)
Total equity	313,375	306,255	132,564	136,333
Total equity and liabilities	467,247	497,574	133,993	138,464

1(b)(ii) Aggregate amount of Group's borrowings and debt securities.

The Group has loans from former shareholders of our subsidiary amounting to RMB65.0 million (31 December 2012: RMB86.6 million) as at 31 December 2013 with an interest rate of 2.5% per annum and which are unsecured with no fixed term of repayment.

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

	Group Unaudited 3 months ended		Group Unaudited 12 months ended		
	31/12/2013	31/12/2012	31/12/2013	31/12/2012	
	Note	RMB'000	RMB'000	RMB'000	RMB'000
Operating activities					
(Loss)/profit before tax		(1,339)	(10,255)	5,129	(25,112)
<u>Adjustment for:</u>					
Depreciation of property, plant and equipment		3,097	3,392	12,832	13,306
Depreciation of investment property		44	44	176	176
Amortisation of intangible assets		14	26	66	129
Amortisation of land use rights		91	91	366	365
(Write-back)/allowance for impairment of trade receivables, net		(930)	7,205	(353)	10,171
Write-off of trade receivables		–	–	–	21
(Write-back) of impairment loss on non-trade receivables		–	(315)	–	(315)
(Write-back)/Allowance for inventory obsolescence		(1,072)	1,493	(1,072)	1,493
Write-back of prepayments		–	(281)	–	(281)
Allowance /(write-back) for after-sale services		9	(194)	32	31
Loss on disposal of PPE		7	12	117	31
Net foreign exchange loss/(gain)		84	(24)	387	(550)
Share buy-back expenses		–	–	–	2
Finance costs		406	541	1,669	2,163
Finance income		(976)	(1,133)	(3,851)	(3,383)
Operating cash flows before changes in working capital		(565)	602	15,498	(1,753)
<u>Changes in working capital</u>					
Decrease (increase) in:					
Inventories		14,780	(3,011)	10,428	(1,058)
Trade and other receivables		(2,146)	1,591	(12,462)	2,763
Bills receivable		9,212	9,237	(5,738)	7,813
Prepayments		2,760	4,382	(1,100)	7,152
(Decrease) increase in:					
Trade and other payables		7,378	4,078	(375)	(679)
Advances from customers		(14,751)	(8,133)	(13,994)	(8,278)
Other liabilities		4,487	6,140	2,030	3,391
Total changes in working capital		21,720	14,284	(21,211)	11,104
Cash flows generated from/(used in) operations		21,155	14,886	(5,713)	9,351
Interest received		976	1,133	3,851	3,383
Interest paid		–	(1,028)	–	(1,028)
Income taxes paid		–	–	(1,880)	(151)
Net cash generated from/(used in) operating activities		22,131	14,991	(3,742)	11,555

1c) A statement of cash flows (for the Group), together with a comprehensive statement for the corresponding period of the immediately preceding financial year. (cont'd)

	Group		Group		
	Unaudited		Unaudited	Audited	
	3 months ended		12 months ended		
	31/12/2013	31/12/2012	31/12/2013	31/12/2012	
	RMB'000	RMB'000	RMB'000	RMB'000	
Investing activities					
Purchase of property, plant and equipment	A	(1,182)	(6,174)	(7,466)	(12,695)
Purchase of intangible assets - software		–	(85)	–	(85)
Purchase of investment in entrusted bills receivable		–	–	–	(15,757)
Proceed from disposal of PPE		5	–	5	–
Maturity of investment in entrusted bills receivable		–	–	–	15,757
Net cash used in investing activities		(1,177)	(6,259)	(7,461)	(12,780)
Financing activities					
Purchase of treasury shares		–	–	–	(430)
Share buy-back expenses		–	–	–	(2)
Repayment of loans due to the former shareholders of a subsidiary		–	–	(21,600)	(8,600)
Net cash used in financing activities		–	–	(21,600)	(9,032)
Net increase/(decrease) in cash and cash equivalents		20,954	8,732	(32,803)	(10,257)
Cash and cash equivalents at beginning of period		168,959	214,263	223,019	232,726
Effect of exchange rate changes on cash and cash equivalents		(84)	24	(387)	550
Cash and cash equivalents at end of period		189,829	223,019	189,829	223,019

Note A: Property, plant and equipment

	Group		Group	
	Unaudited		Unaudited	Audited
	3 months ended		12 months ended	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	RMB'000	RMB'000	RMB'000	RMB'000
Current period/year additions to property, plant and equipment	1,196	920	4,897	4,519
Add/(Less): Payable to creditors for current period purchases	(877)	(890)	(1,418)	(2,818)
Prepayment made in prior period	(716)	–	(1,111)	(224)
Add: Payments for prior period purchase	195	4,691	1,294	7,795
Prepayments made in current period	1,384	1,453	3,804	3,423
Net cash outflow for purchase of property, plant and equipment	1,182	6,174	7,466	12,695

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 capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statement of Changes in Equity

	Attributable to owners of the Company							
	Share Capital	Treasury Shares	Contribution from shareholder	Statutory reserve fund	Statutory reserve fund - safety production reserve	Merger reserve	Accumulated profits	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Group								
Balance at 1 January 2012	149,278	–	1,725	36,024	–	75,000	69,607	331,634
Total comprehensive income for the year	–	–	–	–	–	–	(24,949)	(24,949)
Contributions by and distributions to owners								
Transfer to statutory reserve fund - safety production expenditure					1,036		(1,036)	–
Purchase of treasury shares	–	(430)	–	–	–	–	–	(430)
Total transactions with owners in their capacity as owners	–	(430)	–	–	1,036	–	(1,036)	(430)
Balance at 31 December 2012	149,278	(430)	1,725	36,024	1,036	75,000	43,622	306,255
Group								
Balance at 1 January 2013	149,278	(430)	1,725	36,024	1,036	75,000	43,622	306,255
Total comprehensive income for the year	–	–	–	–	–	–	7,120	7,120
Contributions by and distributions to owners								
Safety production expenditure incurred for the period	–	–	–	–	(14)	–	14	–
Transfer to statutory reserve – safety production expenditure	–	–	–	–	1,125	–	(1,125)	–
Transfer to statutory reserve fund	–	–	–	984	–	–	(984)	–
Total transactions with owners in their capacity as owners	–	–	–	984	1,111	–	(2,095)	–
Balance at 31 December 2013	149,278	(430)	1,725	37,008	2,147	75,000	48,647	313,375

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 capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statement of Changes in Equity (cont'd)

	Attributable to owners of the Company			
	Share Capital	Treasury Shares	Accumulated losses	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000
Company				
Balance at 1 January 2012	149,278	–	(5,557)	143,721
Total comprehensive income for the year	–	–	(6,958)	(6,958)
Contributions by and distributions to owners				
Purchase of treasury shares	–	(430)	–	(430)
Total transactions with owners in their capacity as owners	–	(430)	–	(430)
Balance at 31 December 2012	149,278	(430)	(12,515)	136,333
Company				
Balance at 1 January 2013	149,278	(430)	(12,515)	136,333
Total comprehensive income for the year	–	–	(3,769)	(3,769)
Balance at 31 December 2013	149,278	(430)	(16,284)	132,564

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

Ordinary shares

	Number of shares	Amount RMB '000
Ordinary shares including treasury shares as at 31 December 2013 and 31 December 2012	505,000,000	149,278

Convertibles

The Company did not have outstanding convertibles as at 31 December 2013 and 31 December 2012.

Treasury shares

The Company had 1,700,000 treasury shares as at 31 December 2013 and 31 December 2012.

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

	As at 31.12.13	As at 31.12.12
Total number of issued shares excluding treasury shares	503,300,000	503,300,000

1(d)(iv) A statement showing all sales, transfer, disposals, cancellations and/or use of treasury shares as at the end of the current financial period reported on

No treasury shares were transferred, disposed, cancelled and/or used as at the end of the current financial period reported on.

2) Whether the figures have been audited, or reviewed and in accordance with which standard or practices.

The figures have not been audited or reviewed by the Company's 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

Except for the adoption of the FRSs and Amendments to FRSs applicable for the financial year beginning on or after 1 January 2013, the same accounting policies and methods of computation have been applied. The adoption of Amendments to FRSs did not have any effect on the financial performance or position of the Group and the Company.

- 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 Group and the Company have adopted all the Amendments to FRSs that are effective for annual periods beginning on or after 1 January 2013. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

- 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			
	3 months ended 31/12/2013	3 months ended 31/12/2012	12 months ended 31/12/2013	12 months ended 31/12/2012
Profit /(loss) net of tax attributable to owners of the Company (RMB '000)	363	(10,092)	7,120	(24,949)
Weighted average number of ordinary shares ('000)	503,300	503,300	503,300	504,433
Basic earnings/(loss) per share (RMB cents)	0.07	(2.01)	1.41	(4.95)
Diluted earnings/(loss) per share (RMB cents)	0.07	(2.01)	1.41	(4.95)

Basic earnings/(loss) per share for the 3 months and 12 months ended 31 December 2013 and 31 December 2012 are computed by dividing the profit/(loss) net of tax attributable to owners of the Company by the weighted average number of ordinary shares excluding treasury shares.

Diluted earnings/(loss) per share is similar to basic earnings per share as there are no potential dilutive ordinary shares.

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

	Group		Company	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Net asset value per share (RMB cents per share)	62.26	60.85	26.34	27.09

Net asset value per ordinary share as at 31 December 2013 and as at 31 December 2012 were calculated based on the existing number of shares in issue excluding treasury shares at the end of the period of 503,300,000 ordinary shares.

- 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.**

A) Income Statements

Revenue

FY2013 vs FY2012

Revenue increased by RMB8.6 million or 6.9% from RMB125.5 million in FY2012 to RMB134.1 million in FY2013. The increase was mainly due to the increase in revenue contribution from all three businesses, further described as follows:-

Revenue from our CET Engineering Design Services

Revenue from our CET Engineering Design Services increased by RMB1.6 million, or 19.3%, from RMB8.3 million in FY2012 to RMB9.9 million in FY2013 mainly due to higher percentage of completion of contracts at the current balance sheet date

Revenue from our CSC Business

Revenue from our CSC Business increased marginally by RMB2.6 million or 2.5% from RMB103.9 million in FY2012 to RMB106.5 million in FY2013. This was mainly due to the increase in revenue from other equipment partially offset by the decrease in sales of pressure vessel. The increase in revenue from other equipment was mainly due to the delivery of products such as ammonia synthesis reactors, a low pressure methanol synthesis reactor and an Isothermal Low Temperature High CO Shift reactor. Pressure vessel contracts accounted for 29.6% of revenue from our CSC business revenue in FY2013 as compared to 58.9% in FY2012.

Revenue from our Catalyst Business

Revenue from our Catalyst Business increased by RMB4.6 million or 34.8% from RMB13.2 million in FY2012 to RMB17.8 million in FY2013. The significant increase was mainly due to the increase in sales of processed ammonia catalysts, ammonia catalysts and alcohol-hydrocarbon catalyst.

4Q2013 vs 4Q2012

The Group's revenue increased marginally by RMB1.9 million or 5.5% from RMB34.5 million in 4Q2012 to RMB36.4 million in 4Q2013. This was mainly due to the increase in revenue from our CET Engineering Design Services and revenue from our CSC Business.

Gross profit margin

FY2013 vs FY2012

Our overall gross profit increase significantly increased by RMB17.1 million or 58.0% from RMB29.5 million in FY2012 to RMB46.6 million in FY2013 and our gross profit margin increased from 23.5% in FY2012 to 34.8% in FY2013.

The significant increase in our overall gross profit margin was mainly due to the increase in margins of our CSC Business, which rose from 16.0% in FY2012 to 31.8% in FY2013. The CSC Business accounted for about 79.4% of our total revenue in FY2013. The higher gross profit margin from this business segment was mainly a result of a lower percentage contribution from the sales of pressure vessels which has a lower margin than other equipment.

A) Income Statements (cont'd)

The increase in our overall gross margin was partially offset by the decrease in the gross profit margin of our Catalyst Business which fell from 46.3% in FY2012 to 32.7% in FY2013. This was mainly due to a result of a higher percentage contribution from the sales of ammonia catalyst which has a lower margin than other catalysts. Ammonia catalyst accounted for 30.2% of revenue from our Catalyst business revenue in FY2013 as compared to 16.9% in FY2012.

4Q2013 vs 4Q2012

Our gross profit for 4Q2013 increased marginally by RMB0.4 million or 3.8% from RMB10.6 million in 4Q2012 to RMB11.0 million in 4Q2013 and our gross profit margin decreased marginally from 30.8% in 4Q2012 to 30.3% in 4Q2013.

Finance and other income

FY2013 vs FY2012

Finance and other income decreased significantly by RMB3.5 million or 26.2% from RMB13.5 million in FY2012 to RMB10.0 million in FY2013. The decrease was mainly due to the decrease in net gain from sale of equipment arising from research and development efforts and sales of spares parts partially offset by the increase in interest income, write-back for impairment of trade receivables, write-back for inventory obsolescence and the gain from contract penalty.

4Q2013 vs 4Q2012

Finance and other income increased by RMB2.0 million or 61.2% from RMB3.1 million in 4Q2012 to RMB5.1 million in 3Q2013. The increase was mainly due to the write-back for impairment of trade receivables, write-back for inventory obsolescence and the gain from contract penalty partially offset by the decrease in sale of equipment arising from research and development efforts and sales of spares parts.

Marketing and distribution expenses

FY2013 vs FY2012

Marketing and distribution expenses decreased by RMB1.0 million or 15.6% from RMB6.4 million in FY2012 to RMB5.4 million in FY2013. The decrease was mainly due to the decrease in conference expenses, transportation expenses and after-sale expenses.

4Q2013 vs 4Q2012

Marketing and distribution expenses are similar in 4Q2012 and 4Q2013 of approximately RMB2.0 million.

Administrative expenses

FY2013 vs FY2012

Administrative expenses decreased by RMB5.0 million or 10.1% from RMB49.5 million in FY2012 to RMB44.5 million in FY2013. The decrease was mainly due to the decrease in R&D expenses, the decrease in office-related expenses and the decrease in allowance for inventory obsolescence.

4Q2013 vs 4Q2012

Administrative expenses increased by RMB0.7 million or 5.5% from RMB14.3 million in 4Q2012 to RMB15.0 million in 4Q2013. The increase was mainly due to the increase in R&D expenses partially offset by the decrease in allowance for inventory obsolescence and the decrease in office-related expenses.

A) Income Statements (cont'd)

Other expenses

FY2013 vs FY2012

The absence of other expenses in FY2013 was due to the net write-back of trade receivables.

4Q2013 vs 4Q2012

The absence of other expenses in 4Q2013 was due to the net write-back of trade receivables.

Finance costs

FY2013 vs FY2012

Finance costs decreased by RMB0.49 million or 22.7% from RMB2.16 million in FY2012 to RMB1.67 million in FY2013. The decrease was mainly due to the decrease in interest expenses arising from the partial repayment of the loan from the former shareholders of our subsidiary.

4Q2013 vs 4Q2012

Finance costs decreased by RMB0.13 million or 24.0% from RMB 0.54 million in 4Q2012 to RMB0.41 million in 4Q2013. The decrease was mainly due to the decrease in interest expenses arising from the partial repayment of the loan from the former shareholders of our subsidiary.

Income tax expenses

FY2013 vs FY2012

Income tax credit increased by RMB1.83 million from RMB0.16 million in FY2012 to RMB1.99 million in FY2013. The increase was mainly due to the write-back of tax provisions upon finalization of prior years' tax positions with the PRC tax authority which was partially offset by the tax expenses arising from the FY2013 profit of our subsidiary.

4Q2013 vs 4Q2012

Income tax credit increased by RMB1.54 million from RMB0.16 million in 4Q2012 to RMB1.70 million in 4Q2013. The increase was mainly due to the write-back of tax provisions upon finalization of prior years' tax positions with the PRC tax authority which was partially offset by the tax expenses arising from the FY2013 profit of our subsidiary.

Net profit attributable to owners of the Company

FY2013 vs FY2012

The Group recorded a net profit attributable to owners of the Company of RMB7.1 million in FY2013 in contrast to a net loss of RMB24.9 million in FY2012. The net profit was mainly due to the increase in overall gross profit margin coupled with the decrease in operating expenses.

4Q2013 vs 4Q2012

The Group recorded a net profit attributable to owners of the Company of RMB0.4 million in 4Q2013 in contrast to a net loss of RMB10.1 million in 4Q2012. The net profit was mainly due to the increase in revenue and other income coupled with the decrease in operating expenses.

B) Balance Sheet Statements

Non-current assets

Non-current assets decreased by RMB7.4 million or 5.0% from RMB149.3 million as at 31 December 2012 to RMB141.9 million as at 31 December 2013. Non-current assets comprised of property, plant and equipment, investment property, intangible assets, land use rights, deferred tax assets and prepayments for property, plant and equipment.

Property, plant and equipment decreased by RMB8.1 million or 6.2% from RMB130.7 million as at 31 December 2012 to RMB122.6 million as at 31 December 2013, mainly due to depreciation charges partially offset by additions. Prepayment increased by RMB2.7 million from RMB0.1 million as at 31 December 2012 to RMB2.8 million as at 31 December 2013 mainly due to prepayment for Property, plant and equipment relating to the upgrading of the catalyst manufacturing plant.

Current assets

Current assets decreased by RMB22.9 million or 6.6% from RMB348.3 million as at 31 December 2012 to RMB325.4 million as at 31 December 2013, mainly due to the decrease in cash and cash equivalents and inventory of RMB33.2 million and RMB9.4 million respectively. The decreases are partially offset by the increase in trade and other receivables, bills receivable and prepayment of RMB12.8 million, RMB5.7 million and RMB1.1 million respectively. The decrease in cash and cash equivalents was mainly due to increase in working capital, purchases of property, plant and equipment and repayment of loans due to the former shareholders of our subsidiary, while the decrease in inventories and increase in trade and other receivable were in line with the increase in revenue. The increase in bills receivable was mainly because more customers used bills receivable as the mode of payments.

Current liabilities

Current liabilities decreased by RMB37.4 million or 19.6% from RMB191.2 million as at 31 December 2012 to RMB153.8 million as at 31 December 2013. The decrease was mainly attributed to the decrease in trade and other payables, advance from customers and income tax payables amounting to RMB20.2 million, RMB14.0 million and RMB5.3 million respectively. The decrease in trade and other payables was mainly due a repayment of loans due to the former shareholders of a subsidiary amounting to RMB21.6 million. While the decrease in advance from customers was in line with the decrease in the order book as of 31 December 2013. The decrease in income tax payables was due to the reversal of income tax provision upon settlement of the income tax with the PRC tax authority.

Non-current liability

Non-current liability consists of provision of deferred tax liabilities in relation to the withholding tax on the undistributed profits of our subsidiary.

C) Cash Flow Statements

FY2013

Cash and cash equivalents decreased by RMB33.2 million in FY2013 which was mainly attributed to cash used in operating activities, investing activities and financing activities. RMB3.7 million was used in operating activities while RMB7.5 million was used in investing activities for the purchase of property, plant and equipment. RMB21.6 million used in financing activities was for the repayment of loan due to the former shareholders of our subsidiary.

4Q2013

Cash and cash equivalents increased by RMB20.9 million in 4Q2013 which was mainly attributed to cash generated from operating activities partially offsetting by cash used in investing activities. RMB22.1 million was generated from operating activities while RMB1.2 million was used in investing activities for the purchase of property, plant and equipment.

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

The Company did not make any forecast and prospect statement in respect of its results for 31 December 2013.

10) A commentary at the date of the announcement of the 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

Economic and credit growth in the People's Republic of China ("PRC") is expected to slow given the PRC government's on-going attempts to restructure the economy. As such the Group expects the business environment to remain uncertain and competitive in the next 12 months. However, in the longer term, the Group remains positive that the Isothermal Low Temperature High CO Shift Technology, being the first-of-its-kind in the PRC, will play an important role in China's efforts in implementing integrated resource utilization and low carbon emission measures. To ensure a sustainable growth path for the business, the Group remains committed to its Research and Development efforts.

The Group's order book as at 31 December 2013 is approximately RMB115.6 million (30 September 2013: RMB131.2 million).

11) Dividend

(a) Current financial period reported on

The Company does not recommend any dividend for the financial period ended 31 December 2013.

(b) Corresponding period of the immediately preceding financial year

The Company did not recommend or declare any dividend for the financial period ended 31 December 2012.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

The Company does not recommend any dividend for the financial period ended 31 December 2013.

13) If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained a general mandate from shareholders for Interested Person Transactions ("IPTs").

14) Update on usage of IPO proceeds

As at 27 February 2014, the net proceeds from the Company's initial public offering have been utilised as follows:

Usage of IPO Proceeds	Amount allocated	Amount utilised	Balance
	RMB'000	RMB'000	RMB'000
(A) Expand our production facilities and capacities	110,936	6,327 ^(A)	104,609
(B) Enhance our R&D capabilities and widen our range of innovative and cost-effective solutions	15,479	720	14,759
(C) Working capital purposes	7,074	7,074	-
Total	133,489	14,121	119,368

(A): It is used to increase the processing capability of the reduced-catalyst production plant. The IPO proceed earmarked for this expansion is RMB18 million. The annual processing capability of the reduced-catalyst production plant will increase from 500 tonnes to 1,500 tonnes upon the completion of this expansion.

15) Segmented revenue and results for operating 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

	CET Engineering Design Services RMB'000	CSC Business RMB'000	Catalyst Business RMB'000	Total RMB'000
31 December 2013				
Revenue				
External customers	9,899	106,455	17,766	134,120
Total revenue	9,899	106,455	17,766	134,120
Results				
Segment gross profit	7,013	33,814	5,802	46,629
Unallocated finance and other income				9,981
Unallocated expenses, net				(51,481)
Profit before tax				5,129
Tax credit				1,991
Profit for the year, net of tax				7,120

	CET Engineering Design Services RMB'000	CSC Business RMB'000	Catalyst Business RMB'000	Total RMB'000
31 December 2012				
Revenue				
External customers	8,338	103,936	13,194	125,468
Total revenue	8,338	103,936	13,194	125,468
Results				
Segment gross profit	6,740	16,675	6,111	29,526
Unallocated finance and other income				13,526
Unallocated expenses, net				(68,164)
Loss before tax				(25,112)
Tax credit				163
Loss for the year, net of tax				(24,949)

16) **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.**

See note 8 above

17) **A breakdown of sales**

	Group		
	FY2013	FY2012	Increase/ (Decrease)
	RMB'000	RMB'000	%
(a) Sales reported for the first half of the year	82,790	50,647	63.5%
(b) Operating profit/(loss) after tax for the first half year	10,485	(13,865)	N.M.
(c) Sales reported for the second half of the year	51,330	74,821	-31.4%
(d) Operating loss after tax for the second half year	(3,365)	(11,084)	-69.6%

N.M. - not meaningful

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

	<u>31/12/2013</u>	<u>31/12/2012</u>
Ordinary	-	-

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(11) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, we confirm that, none of the persons occupying managerial positions in Anchun International Holdings Limited ("the Company") or any of its principal subsidiaries is a relative of a director or chief executive officer or substantial shareholder of the Company.

By Order of the Board

Xie Ding Zhong
Executive Chairman and CEO
27 February 2014