

**ANCHUN INTERNATIONAL HOLDINGS LTD.**

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Changsha, Hunan, China**FOR IMMEDIATE RELEASE**

## **Anchun swings back into profitability with earnings of RMB7.1 million in FY2013**

- Revenue grew 6.9% to RMB134.1 million from improved sales across the three business segment
- Gross profit margin up significantly to 34.8% largely from the Group's largest and most profitable segment in FY2013, the CSC Business

**Financial Highlights (FYE 31 December)**

| <b>RMB'000</b>                                       | <b><u>4QFY13</u></b> | <b><u>4QFY12</u></b> | <b><u>% Chg</u></b> | <b><u>FY2013</u></b> | <b><u>FY2012</u></b> | <b><u>% Chg</u></b> |
|--|----------------------|----------------------|---------------------|----------------------|----------------------|---------------------|
| Revenue  | 36,434               | 34,513               | 5.6                 | 134,120              | 125,468              | 6.9                 |
| Gross Profit   | 11,045               | 10,631               | 3.9                 | 46,629               | 29,526               | 57.9                |
| Gross Profit Margin (%)                              | 30.3                 | 30.8                 | (0.5)%pts           | 34.8                 | 23.5                 | 11.3 %pts           |
| Net (loss)/Profit<br>Attributable to<br>Shareholders | 363                  | (10,092)             | N.M                 | 7,120                | (24,949)             | N.M                 |

N.M - not meaningful

**Singapore – 27 February 2014** – Mainboard-listed **Anchun International Holdings Ltd.** (“Anchun” or the “Group”, or “安淳国际控股有限公司”) a leading integrated chemical systems engineering and technology solutions provider to China’s petrochemical and chemical industries and environmental protection industry, today announced that it had swung into the black for the 12 months ended 31 December 2013 (“FY2013”), thanks to the improvement in overall gross profit margin as well as better control of operating expenses.

In FY2013, the Group achieved a net profit of RMB7.1 million in contrary to a net loss of RMB24.9 million in FY2012. The Group's revenue in FY2013 rose 6.9% to RMB134.1 million from RMB125.5 million in FY2012 on the back of improvement in sales across all its business segments.

| Revenue by Business Segment (RMB'000) | FY2013  | FY2012  | Chg   | % Chg |
|---------------------------------------|---------|---------|-------|-------|
| CET Design Services                   | 9,898   | 8,338   | 1,560 | 18.7  |
| CSC Business                          | 106,456 | 103,936 | 2,520 | 2.4   |
| Catalyst Business                     | 17,766  | 13,194  | 4,572 | 34.7  |

In particular, sales from the CSC Business improved 2.4% to RMB106.5 million, as lower-margin pressure vessels made up only 29.6% of the Group's total revenue in FY2013, compared to 58.9% in FY2012. Instead, the product mix was skewed toward equipments with higher profit margins. In the year under review, the Group delivered a wide array of products in its ammonia synthesis reactor, low pressure methanol synthesis reactor as well as Isothermal Low Temperature High CO Shift Reactor categories. At the same time, contribution from the Group's Catalyst Business surged 34.7% to RMB17.8 million due to the increased sales from its processed ammonia, ammonia and alcohol-hydrocarbon catalysts. With progress made on some of its CET engineering design projects, revenue recognition from this segment, which is based on extent of project completion, also rose 18.7% to RMB9.9 million.

During the year, Anchun saw its gross profit surge 57.9% to RMB46.6 million and gross profit margin rise by 11.3 percentage points from 23.5% to 34.8%, mainly attributed to its CSC Business, the Group's largest and most profitable business in FY2013. This segment, which accounted for 79.4% of the Group's total revenue, shown its profit margin double from 16.0% to 31.8% in FY2013.

Based on this, the Group's earnings per share was RMB1.41 cents for FY2013, while net asset value ("NAV") per share rose to RMB62.26 cents as at 31 December 2013. This is in contrary to a loss per share of RMB4.95 cents for FY2012 and NAV per share of RMB60.85 cents as at 31 December 2012.

### **Outlook**

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. In view of this, the Group expects its operating environment to remain uncertain and competitive in the next 12 months.

Group Executive Chairman and Chief Executive Officer Mr Xie Ding Zhong (谢定中) said, "We are heartened by Anchun's turnaround in FY2013 and will continue to work hard to keep our spirits high even as we face economic and business challenges from the PRC central bank's credit tightening measures. We will remain ever-vigilant and respond prudently to any macro-economic changes."

As part of its strategy, the Group plans to continue its research & development work to stay ahead of competition and keep up its efforts to market its products and engineering expertise to new and existing customers in 2014.

The Group remains upbeat about its first-of-its-kind technology as well and Mr Xie elaborated, "FY2013 is the first year that the revenue from our Isothermal Low Temperature High CO Shift Technology, has kicked in. From a longer term perspective, we firmly believe that this technology is a game-changer which will be instrumental in China's goal of implementing integrated resource utilization and low carbon emission measures. As such we will continue to work hard to increase market awareness of our proprietary technology in order to facilitate sales."

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

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**About Anchun International Holdings Ltd (“Anchun”)**

Listed on the SGX Mainboard in 2010, 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, the ammonia and methanol industries.

With its strong R&D capabilities and patented key technologies, Anchun is strategically positioned to capture value across the value chain from system design, system manufacturing and project management, and after-sales.

Over the years, Anchun has won 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).

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