

**ANCHUN INTERNATIONAL HOLDINGS LTD.**

Co. Registration Number: 200920277C

Co. Address: 81 Anson Road, Suite 8.20, Singapore 079908

Principal Office: 539 Lusong Road, Changsha Hi-tech Development Zone,
Changsha, Hunan, China**FOR IMMEDIATE RELEASE**

Anchun reports revenue of RMB19.4 million for 1Q2016

- *Topline impacted by delay in delivery of goods and new project postponements*
- *Order book remains healthy at RMB130.3 million as at 31 March 2016*
- *Expects FY2016 business environment to remain challenging from the PRC government's economic restructuring efforts and low prices of oil & gas and basic chemicals globally*

Financial Highlights (FPE 31 March)

RMB' mil	<u>1Q2016</u>	<u>1Q2015</u>	<u>% Chg</u>
Revenue	19.4	24.7	-21
Gross Profit	5.1	12.9	-60
Gross Profit Margin (%)	26	52	-26 pts
Net Loss/Profit Attributable to Shareholders	-5.6	1.6	NM

NM – Not meaningful

Singapore – 12 May 2016 – 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 reported a lower revenue of RMB19.4 million for the three months ended 31 March 2016 (“**1Q2016**”).

The Group’s performance in 1Q2016 was impacted by the decrease in its revenue that stemmed from macro-economic structural reform in the People’s Republic of China (“**PRC**”) combined with low prices of oil, gas and basic chemicals worldwide, which led to some customers requesting for a delay in the delivery of finished goods previously ordered and postponement of

new investment projects. These developments resulted in a decline in the Group's topline across its three business segments during the quarter.

As a result, Anchun posted a net loss attributable to shareholders of RMB5.6 million for 1Q2016, representing a decrease of RMB7.2 million from attributable net profit for the three months ended 31 March 2015 ("**1Q2015**") in the previous year. The decline was partially offset by increase in finance and other income and decreases in research expenses and finance cost.

Earnings per share of the Group came in at negative RMB1.10 cents for 1Q2016 while net asset value per share as at 31 March 2016 declined marginally to RMB63.98 cents from RMB65.09 cents as at 31 December 2015.

Business Performance by Segments

The Group's Catalyst, Chemical Systems and Components ("**CSC**") and Engineering Services businesses accounted for 20%, 77% and 3% of its revenue in 1Q2016 respectively.

Sales from the Group's Engineering Business declined by 85% to RMB0.6 million in 1Q2016 mainly due to lower demand for engineering design services arising from projects postponements by customers during the period.

The Group's Catalyst Business also experienced a 21% sales decline to RMB3.8 million as fewer catalysts were delivered to customers due to their replacement cycles, while its CSC Business recorded a 6% decrease in revenue to RMB15.0 million in 1Q2016.

Outlook and Plans

Economic and credit growth in the People's Republic of China ("PRC") is expected to remain slow given the PRC government's on-going attempts to restructure the economy and change the economic development pattern in FY2016. As such the Group expects the business environment to remain competitive for the FY2016 and will remain vigilant and respond prudently to any macroeconomic changes. Coupled with the global decline in commodity prices, the Group expects a challenging FY2016, as customers withhold or postpone capital expenditure in view of

the uncertain economic outlook and difficulty in obtaining credit. The Group will remain vigilant and respond prudently to any macroeconomic changes.

Ms Xie Ming, (谢明), Anchun's Executive Director and Chief Executive Officer said, "Despite this uncertain economic backdrop, our current order book is still healthy with RMB130.3 million in contracts on hand compared to RMB144.6 million a quarter ago. Anchun will continue to push on with our R&D efforts in a new generation of shift catalyst and new equipment technology. It is important for Anchun to remain at the forefront of the petrochemical and chemical industries with cutting-edge technologies and innovations. This will help us to retain our customers and capture new businesses in order to ensure a sustainable growth path for the Group."

The Group's order book as of 31 March 2016 was approximately RMB130.3 million (31 December 2015: RMB144.6 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 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), 2013 outstanding technological advancement award (工业科技进步奖) conferred by both China Fertilizer Industry Association (中国氮肥工业协会) and China Petroleum and Chemical Industries Association (中国石油和化学工业联合会) and "Most Innovative Companies" award conferred by China Petroleum & Chemical Industry Associations (中国石油和化学工业联合会) in 2016.

For more information please contact:

August Consulting / Tel: 6733 8873

Silvia Heng – silviaheng@august.com.sg / HP: 9684 4500

Colin Tan – colintan@august.com.sg / HP: 9862 1532