

**ANCHUN INTERNATIONAL HOLDINGS LTD.**

Co. Registration Number: 200920277C

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Principal Office: 539 Lusong Road, Changsha Hi-tech Development Zone,  
Changsha, Hunan, China**Response to Queries from the SGX-ST regarding Third Quarter Results (“3Q2016”) of Anchun International Holdings Ltd. (the “Company”)**

We refer to the announcement “Financial Statements and Related Announcement: Third Quarter Results” by Anchun International Holdings Ltd (the “Company”) released on 10 November 2016.

Please provide further information on the following in an announcement to be released via SGXNET by 29 November 2016. In your announcement, please disclose our questions and your corresponding answers to enable investors to understand the matters raised by the Exchange.

**Question 1:** The Company announced an increase in Trades and Other Receivables from RMB64.23 million to RMB71.56 million.

- a. Please provide a breakdown of the RMB71.56 million recorded under Trade and Other Receivables, noting that Q3FY2016 sales amounted to only RMB29.6 million.
- b. Please also provide details the underlying transactions relating to “Other Receivables”, where applicable.

Response:

- i) The breakdown of the RMB71.56 million recorded under Trade and Other Receivables.

Item by nature	30/09/2016 RMB'000	6months RMB'000	6-12months RMB'000	1-2years RMB'000	>2years RMB'000
<b>Trade Receivables</b>					
Receivables from sales	68,494	35,690	21,222	9,303	2,279
<b>Other Receivables</b>					
A. Operation cash advances	617	617			
B. Bid bonds	2,527	2,027	500		
C. Rental deposit	54		54		
Total	71,562	38,334	21,776	9,303	2,279

- ii) The details of the underlying transaction relation to “Other Receivables” as follows:  
The Other Receivables consists of operation cash advance, bid bonds and rental deposit.
- A. Cash advances are rendered based on operational needs so that the Group’s employees do not need to bear too much expenses until a reimbursement cycle completes.
  - B. Most of bidding activities require the advance payment of bid bonds.
  - C. Singapore office rental deposit.

**Question 2:** Finance and Other Income fell from RMB9.3 million to RMB0.7 million in Q3FY2016 which the Company attributed to a net gain from the sale of equipment used in the Research and Development activities in Q3FY2015. Please quantify the amount of net gain from the sale in Q3FY2016 as compare to Q3FY2015 and explain the factors that resulted in the low Finance and other Income, where applicable.

Response:

The amount of net gain from the sale of equipment used in the Research and Development activities in 3Q2015 was RMB7.0 million and the amount of net gain from the sale of equipment used in the Research and Development activities was nil in 3Q2016. The factors that resulted in the low finance and other income mainly include the significant decrease of net gain of sale of the equipment used in the R&D activities and the decrease of net reversal of bad debt provision.

**Question 3:** In Paragraph 9 of the Financial Results, the Company is required to disclose any variance between the statements in the commentary in Paragraph 10 of the Q2FY2016 results and the actual results of Q3FY2016. The variance refers to the company’s results for 3Q2016 as compared to the commentary given by the Company in unaudited results for the second quarter and half year ended 30 June 2016 (Paragraph 10).Please disclose accordingly.

Response:

The financial results for the period 3Q2016 reflects the challenging and competitive market conditions in the 3Q2016, and there was no variance for the business including catalyst business, engineering service and chemical systems and components (“CSC”) business in the 3Q2016 as compared to the commentary of the industry in which the Group operates and the factors that would affect the business made in paragraph 10 of 2Q2016 financial announcements.