



Anchun International Holdings Ltd.

(Incorporated in Singapore)

(Company registration number: 200920277C)

Unaudited Results for the First Quarter Period Ended 31 March 2015

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 (**Engineering 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 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 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).

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		Change %
	Unaudited	Unaudited	
	3 months ended		
	31/03/2015	31/03/2014	
	RMB'000	RMB'000	
Revenue	24,683	18,236	35%
Cost of sales	(11,799)	(9,703)	22%
Gross Profit	12,884	8,533	51%
Other item of income			
Finance and other income	537	3,243	-83%
Other items of expenses			
Marketing and distribution expenses	(1,003)	(778)	29%
Administrative expenses	(8,251)	(9,460)	-13%
Research expenses	(1,932)	(755)	156%
Finance costs	(283)	(406)	-30%
Profit before tax	1,952	377	418%
Income tax expenses	(398)	(199)	100%
Profit from operations, net of tax, representing total comprehensive income for the period attributable to owners of the Company	1,554	178	773%

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.

Profit before tax is arrived at after charging/(crediting) the following:

	<u>Group</u>		Change %
	<u>Unaudited</u>	<u>Unaudited</u>	
	3 months ended		
	31/03/2015	31/03/2014	
	RMB'000	RMB'000	
Depreciation of property, plant and equipment	3,465	3,145	10%
Depreciation of investment property	44	44	0%
Amortisation of land use rights	91	92	-1%
Amortisation of intangible assets	6	11	-45%
Write-back for impairment of trade receivables, net	-	(716)	-100%
Write-back for inventory obsolescence	-	(4)	-100%
Gain on disposal of property, plant and equipment	-	(15)	-100%
Write-off of property, plant and equipment	7	-	100%
Exchange loss/(gain)	183	(191)	N.M
(Write-back)/allowance for after-sale expenses	(5)	4	N.M
Finance income	(857)	(831)	3%
Finance costs	283	406	-30%

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 31/03/2015 RMB'000	Audited 31/12/2014 RMB'000	Unaudited 31/03/2015 RMB'000	Audited 31/12/2014 RMB'000
ASSETS				
Non-current assets				
Property, plant and equipment	118,803	121,783	–	–
Intangible assets	56	62	–	–
Land use rights	14,714	14,805	–	–
Deferred tax assets	153	153	–	–
Investment in a subsidiary	–	–	75,040	75,000
Investment property	920	964	–	–
Prepayments	4,892	4,751	–	–
	139,538	142,518	75,040	75,000
Current assets				
Inventories	82,232	71,615	–	–
Trade and other receivables	68,988	59,052	35,812	35,802
Bills receivable	26,270	40,390	–	–
Prepayments	8,163	6,655	105	80
Cash and cash equivalents	153,890	164,684	29,025	29,930
	339,543	342,396	64,942	65,812
Total assets	479,081	484,914	139,982	140,812
EQUITY AND LIABILITIES				
Current liabilities				
Trade and other payables	87,778	89,006	10,915	10,873
Advances from customers	54,906	52,785	–	–
Other liabilities	10,620	19,332	950	1,163
Provision for after-sale expenses	30	35	–	–
Income tax payable	5,431	5,034	–	–
	158,765	166,192	11,865	12,036
Net current assets	182,557	176,204	53,077	53,776
Non-current liability				
Deferred tax liabilities	100	100	–	–
	100	100	–	–
Total liabilities	158,865	166,292	11,865	12,036
Net assets	320,216	318,622	128,117	128,776
Equity attributable to owners of the Company				
Share capital	149,278	149,278	149,278	149,278
Employee benefit trust shares	(430)	(430)	(430)	(430)
Other reserves	118,411	117,895	40	–
Accumulated profits/(loss)	52,957	51,879	(20,771)	(20,072)
Total equity	320,216	318,622	128,117	128,776
Total equity and liabilities	479,081	484,914	139,982	140,812

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

The Group has loans from former shareholders of our subsidiary amounting to RMB44.9 million (31 December 2014: RMB44.9 million) as at 31 March 2015 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	
	31/03/2015	31/03/2014
Note	RMB'000	RMB'000
Operating activities		
Profit before tax	1,952	377
<u>Adjustments for:</u>		
Depreciation of property, plant and equipment	3,465	3,145
Depreciation of investment property	44	44
Amortisation of intangible assets	6	11
Amortisation of land use rights	91	92
Write-back for impairment of trade receivables, net	–	(716)
Write-back for inventory obsolescence	–	(4)
(Write-back)/allowance for after-sale services	(5)	4
Gain on disposal of property, plant and equipment	–	(15)
Write-off of property, plant and equipment	7	–
Net foreign exchange loss/(gain)	183	(191)
Performance share plan expense	40	–
Finance costs	283	406
Finance income	(857)	(831)
Operating cash flows before changes in working capital	5,209	2,322
<u>Changes in working capital</u>		
Decrease/(increase) in:		
Inventories	(10,617)	(8,843)
Trade and other receivables	(9,932)	1,030
Bills receivable	14,120	(7,345)
Prepayments	(1,508)	(223)
(Decrease)/increase in:		
Trade and other payables	(772)	1,078
Advances from customers	2,121	7,920
Other liabilities	(7,298)	(3,301)
Total changes in working capital	(13,886)	(9,684)
Cash flows used in operations	(8,677)	(7,362)
Interest received	857	831
Interest paid	(1,414)	(1,669)
Net cash used in operating activities	(9,234)	(8,200)

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 Unaudited 3 months ended	
	31/03/2015 RMB'000	31/03/2014 RMB'000
Investing activities		
Proceed from sale of property, plant and equipment	–	42
Purchase of property, plant and equipment	A (1,377)	(5,294)
Net cash used in investing activities	(1,377)	(5,252)
Financing activities		
Repayment of loans due to the former shareholders of a subsidiary	–	(31)
Net cash used in financing activities	–	(31)
Net decrease in cash and cash equivalents	(10,611)	(13,483)
Cash and cash equivalents at beginning of period	164,684	189,829
Effect of exchange rate changes on cash and cash equivalents	(183)	191
Cash and cash equivalents at end of period	153,890	176,537

Note A:

Purchase of property, plant and equipment

	Group Unaudited 3 months ended	
	31/03/2015 RMB'000	31/03/2014 RMB'000
Current period additions to property, plant and equipment	496	3,342
Less: Payable to creditors for current period purchases	(1,715)	(251)
Prepayment made in prior period	(4,751)	(1,682)
Add: Payments for prior period purchase	2,455	544
Prepayments made in current period	4,892	3,341
Net cash outflow for purchase of property, plant and equipment	1,377	5,294

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	Employee benefit trust Shares	Performance share plan reserve	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	RMB'000
Group									
Balance at 1 January 2014	149,278	(430)	–	1,725	37,008	2,147	75,000	48,647	313,375
Profit for the period, representing total comprehensive income for the period	–	–	–	–	–	–	–	178	178
Others									
Transfer to statutory reserve fund - safety production reserve	–	–	–	–	–	255	–	(255)	–
Transfer to statutory reserve fund	–	–	–	–	113	–	–	(113)	–
Total others	–	–	–	–	113	255	–	(368)	–
Balance at 31 March 2014	149,278	(430)	–	1,725	37,121	2,402	75,000	48,457	313,553
Group									
Balance at 1 January 2015	149,278	(430)	–	1,725	37,975	3,195	75,000	51,879	318,622
Profit of the period, representing total comprehensive income for the period	–	–	–	–	–	–	–	1,554	1,554
Others									
Grant of equity-settled performance shares to employees	–	–	40	–	–	–	–	–	–
Transfer to statutory reserve – safety production reserve	–	–	–	–	–	251	–	(251)	–
Transfer to statutory reserve fund	–	–	–	–	225	–	–	(225)	–
Total others	–	–	40	–	225	251	–	(476)	40
Balance at 31 March 2015	149,278	(430)	40	1,725	38,200	3,446	75,000	52,957	320,216

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	Employee benefit trust Shares	Performance share plan reserve	Accumulated losses	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Company					
Balance at 1 January 2014	149,278	(430)	–	(16,284)	132,564
Loss for the period, representing total comprehensive income for the period	–	–	–	(951)	(951)
Balance at 31 March 2014	149,278	(430)	–	(17,235)	131,613
Company					
Balance at 1 January 2015	149,278	(430)	–	(20,072)	128,776
Loss of the period, representing total comprehensive income for the period	–	–	–	(699)	(699)
Grant of equity-settled performance shares to employees	–	–	40	–	40
Balance at 31 March 2015	149,278	(430)	40	(20,771)	128,117

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 employee benefit trust ("EBT") shares as at 31 March 2015 and 31 December 2014	505,000,000	149,278

Convertibles

The Company did not have outstanding convertibles as at 31 March 2015 and 31 December 2014.

EBT shares

The Company had 1,700,000 EBT shares as at 31 March 2015 and 31 December 2014.

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 31.03.15	As at 31.12.14
Total number of issued shares excluding EBT 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

Not applicable.

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 period beginning on or after 1 January 2015, the same accounting policies and methods of computation have been applied. The adoption of new FRSs and 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 new FRSs and Amendments to FRSs that are effective for the periods beginning on or after 1 January 2015. 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 31/03/2015	3 months ended 31/03/2014
Profit net of tax attributable to owners of the Company (RMB '000)	1,554	178
Weighted average number of ordinary shares ('000) on issue applicable to basic EPS	503,300	503,300
Weighted average number of ordinary shares ('000) on issue applicable to diluted EPS	505,000	505,000
Basic earnings per share (RMB cents)	0.31	0.04
Diluted earnings per share (RMB cents)	0.31	0.04

Basic earnings per share for the 3 months ended 31 March 2015 and 31 March 2014 are computed by dividing the profit net of tax attributable to owners of the Company by the weighted average number of ordinary shares excluding EBT shares.

Diluted earnings per share for the 3 months ended 31 March 2015 and 31 March 2014 are computed by dividing the profit net of tax attributable to owners of the Company by the weighted average number of ordinary shares including EBT 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	
	31/03/2015	31/12/2014	31/03/2015	31/12/2014
Net asset value per share (RMB cents per share)	63.62	63.31	25.46	25.59

Net asset value per ordinary share as at 31 March 2015 and as at 31 December 2014 were calculated based on the existing number of shares in issue excluding EBT 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

1Q2015 vs 1Q2014

Revenue increased significantly by RMB 6.4 million or 35% from RMB18.2 million in 1Q2014 to RMB24.7 million in 1Q2015. The increase was mainly due to the increase of revenue from catalyst and chemical engineering service, further described as follows:

Revenue from our Engineering Services

Revenue from our Engineering Services increased by RMB1.4 million or 56% from RMB2.6 million in 1Q2014 to RMB4.0 million in 1Q2015, this was mainly due to higher percentage of completion for service contracts during the period of 1Q2015.

Revenue from our CSC Business

Revenue from our CSC Business increased slightly by RMB0.6 million or 3% from RMB15.3 million in 1Q2014 to RMB15.9 million in 1Q2015.

Revenue from our Catalyst Business

Revenue from our Catalyst Business increased significantly by RMB4.5 million or 1483% from RMB0.3 million in 1Q2014 to RMB4.8 million in 1Q2015. The increase was mainly due to more orders filled with production capacity on stream and finished goods delivered in 1Q2015.

Gross profit and gross profit margin

1Q2015 vs 1Q2014

Our overall gross profit increases significantly by RMB4.4 million or 51% from RMB8.5 million in 1Q2014 to RMB12.9 million in 1Q2015 and our gross profit margin increased from 47% in 1Q2014 to 52% in 1Q2015.

The increase in our overall gross profit was mainly due to the following:-

- 1) The gross profit of catalyst business increased by RMB2.1 million from RMB0.1 million in 1Q2014 to RMB2.2 million in 1Q2015,. The increase of gross profit margin was attributable to the sales of methanol-hydrocarbon catalyst with high gross margin;
- 2) The gross profit of CSC business increased by RMB1.1 million from RMB6.4 million in 1Q2014 to RMB7.5 million in 1Q2015, , the increase of CSC business gross profit margin was attributable to more sales of patented equipment products;
- 3) The gross profit of engineering design increased by RMB1.2 million from RMB2.0 million in 1Q2014 to RMB3,2 million in 1Q2015,. The gross profit margin was almost the same as that of 1Q2014.

A) Income Statements (cont'd)

Finance and other income

1Q2015 vs 1Q2014

Finance and other income decreased significantly by RMB2.7 million or 83% from RMB3.2 million in 1Q2014 to RMB0.5 million in 1Q2015. The decrease was mainly due to there is no net gain arising from sale of equipment arising from research and development activities in 1Q2015, partially offset by the increase in interest income in 1Q2015.

Marketing and distribution expenses

1Q2015 vs 1Q2014

Marketing and distribution expenses increased slightly by RMB0.2 million or 29% from RMB0.8 million in 1Q2014 to RMB1 million in 1Q2015. The increase was mainly due to the increase in advertising and travelling expenses.

Administrative expenses

1Q2015 vs 1Q2014

Administrative expenses decreased by RMB1.2 million or 13% from RMB9.5 million in 1Q2014 to RMB 8.3 million in 1Q2015. The decrease was mainly due to the decrease in staff and staff-related cost and office expenses arising from cost cutting measures undertaken by management.

Research expenses

1Q2015 vs 1Q2014

The research expenses increased by RMB1.1 million or 156% from RMB 0.8 million in 1Q2014 to RMB1.9 million in 1Q2015. The increase was mainly due to more research expenses incurred in 1Q2015 arising from research and development ("R&D") activities.

Finance costs

1Q2015 vs 1Q2014

Finance costs decreased by RMB0.1 million or 30.0% from RMB0.4 million in 1Q2014 to RMB0.3 million in 1Q2015. The decrease was mainly due to the decrease in interest expenses as a result of the partial repayment of the loan from the former shareholders of our subsidiary in prior year.

Income tax expenses

1Q2015 vs 1Q2014

Income tax expenses increased by RMB0.2 million or 100% from RMB0.2 million in 1Q2014 to RMB0.4 million in 1Q2015. The increase was in line with the increase in profit of our subsidiary. Effective tax rate for 1Q2015 was 20% due to the losses from our holding company which partially offset the profit of our subsidiary.

Net profit attributable to owners of the Company

1Q2015 vs 1Q2014

The net profit attributable to owners of the Company has increased significantly by RMB1.4 million or 773% from a profit of RMB0.2 million in 1Q2014 to a profit of RMB1.6 million in 1Q2015. The increase was mainly due to the increase of revenue from engineering design service and catalyst business partially offset by the decrease of finance and other income, coupled with the increase of marketing & distribution expense and research expenses.

B) Balance Sheet Statements

Non-current assets

Non-current assets decreased by RMB3.0 million or 2.1% from RMB142.5 million as at 31 December 2014 to RMB139.5 million as at 31 March 2015. 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 RMB3.0 million or 2.4% from RMB121.8 million as at 31 December 2014 to RMB118.8 million as at 31 March 2015, mainly due to depreciation charges for the period partially offset by additions.

Current assets

Current assets decreased slightly by RMB2.9 million or 0.8% from RMB342.4 million as at 31 December 2014 to RMB339.5 million as at 31 March 2015. The decrease was mainly due to the decrease in bills receivable and cash and cash equivalents of RMB14.1 million and RMB10.8 million respectively. The decrease of bills receivable due to the settlement of the expiring bills. The decreases were partially offset by the increases in the inventories and trade and other receivables of RMB10.6 million and RMB9.9 million respectively. The increase of inventories was mainly due to the increase of raw materials for the preparation of production, and the increase of trade and other receivables was due to the increase in sales revenue in 1Q2015 as compared to that of 1Q2014.

Current liabilities

Current liabilities decreased by RMB7.4 million or 4.5% from RMB166.2 million as at 31 December 2014 to RMB158.8 million as at 31 March 2015. The decrease was mainly attributed to the decrease in other liabilities and trade and other payables amounting to RMB 8.7 million and RMB 1.2 million respectively partially offset by the increase of advance from customers amounting to RMB2.1 million. The decrease in trade and other payables and other liabilities were mainly due to payments made to vendors, while the increase in advance from customers was mainly attributable to more contracts fulfilled in 1Q2015 compared to 1Q2014.

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

1Q2015

Cash and cash equivalents decreased by RMB10.6 million in 1Q2015 which was mainly attributed to cash used in operating activities and investing activities. RMB9.2 million was used in operating activities while RMB1.4 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 March 2015.

- 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 and change the economic development pattern. As such the Group expects the business environment to remain competitive in the FY2015 and will remain vigilant and respond prudently to any macroeconomic changes. Notwithstanding, 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 of 31 March 2015 was approximately RMB172.3 million (31 December 2014: RMB181.6 million).

- 11) Dividend**

(a) Current financial period reported on

The Company does not recommend any dividend for the financial period ended 31 March 2015.

(b) Corresponding period of the immediately preceding financial year

The Company did not recommend or declare any dividend for the financial period ended 31 March 2014.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

- 12) If no dividend has been declared/recommendeded, a statement to that effect**

The Company does not recommend any dividend for the financial period ended 31 March 2015.

- 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 31 March 2015, 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	95,936	15,065	80,871
(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	22,074	12,906	9,168
Total	133,489	28,691	104,798

CONFIRMATION BY THE BOARD

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited first quarter financial results for the period ended 31 March 2015 to be false or misleading in any material respects.

By Order of the Board

Xie Ming
Executive Director and CEO
13 May 2015