

**ANCHUN INTERNATIONAL HOLDINGS LTD.**

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Changsha, Hunan, China**For Immediate Release**

## Anchun stays profitable in 3Q2014 with RMB4.8 million in net profit

- 3Q2014 revenue up 149%, boosted by the delivery of three large proprietary reactors
- Sees Isothermal Low Temperature High CO Shift Technology as a future growth driver; Secured five contracts worth RMB68.6 million year to date in 2014
- Healthy order book of approximately RMB170.1 million as of 30 September 2014

**Financial Highlights**

RMB'000	3 months ended 30 September		Change	9 months ended 30 September		Change
	3Q2014	3Q2013	%	9M2014	9M2013	%
Revenue	37,117	14,896	149	83,459	97,686	(15)
Gross Profit	16,540	4,932	235	37,388	35,584	5
Gross Profit Margin	44%	33%	11 p.p.t.	45%	36%	9 p.p.t.
Net (loss)/Profit Attributable to Shareholders	4,832	(3,728)	n.m.	5,370	6,757	(21)

n.m. – not meaningful

ppt. – percentage points

Singapore – 14 November 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, today reported a net profit attributable to shareholders of RMB4.8 million for the third quarter ended 30 September 2014 (“**3Q2014**”), reversing the net loss of RMB3.7 million recorded in the corresponding period in the preceding financial year (“**3Q2013**”).

The Group was swung back into profitability as revenue jumped 149% year-on-year (“y-o-y”) to RMB37.1 million, underpinned by the successful delivery of three large proprietary reactors in 3Q2014 comprising two methanol reactors and one Isothermal CO shift reactor.

Consequently, the Group registered a 235% surge in gross profit to RMB16.5 million while gross profit margin of the Group rose 11 percentage points to 44% in 3Q2014 from 33% in 3Q2013. The margin improvement was supported by the sale of the its proprietary Isothermal CO Shift Reactors, which generated higher gross profit margin for the Chemical Systems and Components (“CSC”) business segment, as well as higher sales from its Chemical Systems Engineering and Technology Design Services (“Engineering Services”) business segment.

### **9M2014 performance**

For the nine months ended 30 September 2014 (“9M2014”), Anchun registered a net profit attributable to shareholders of RMB5.4 million as compared to RMB6.8 million in the same period in the previous financial year (“9M2013”).

The 21% y-o-y decline in net profit attributable to shareholders was on the back of a 15% fall in revenue, largely a result of lower contribution from the CSC business segment, which made up more than 80% of the Group’s total revenue. As a result of some customers requesting to delay the delivery of finished goods in the earlier part of the current financial year, revenue from this business segment dipped 11% to RMB67.9 million for 9M2014. The Group’s revenue from the Catalyst business segment dropped 65% to RMB5.2 million which was due to disruptions from ongoing expansion and upgrading works at the catalyst manufacturing plant.

On a positive note, the Engineering Services business segment achieved a 63% increase in revenue to RMB10.4 million, as more engineering design work was completed in 9M2014.

As a result, gross profit for the first three quarters of the financial year rose 5% to RMB37.4 million. Anchun’s gross profit margin in 9M2014 also increased 9 percentage points to 45% as the Group’s new proprietary Isothermal CO Shift Reactor, which commands relatively higher margins, began to gain traction, as well as higher revenue contribution from the Engineering Services business segment.

Based on the latest set of results, the Group's earnings per share stood at RMB1.07 cents for 9M2014, while net asset value per share rose to RMB63.33 cents as at 30 September 2014, from RMB62.26 cents as at 31 December 2013.

### **Outlook**

The Group is confident that its recently commercialised new proprietary technology – the Isothermal Low Temperature High CO Shift Technology (高一氧化碳等温低温变换技术), which is the first-of-its-kind green technology in the People's Republic of China, catering to industries with high CO emissions and resource re-utilisation needs, will be a key driver for revenue growth.

Following its successful commercialisation, the Isothermal Low Temperature High CO Shift Technology is increasingly gaining market acceptance. So far in the current financial year, the Group has secured five contracts totaling RMB68.6 million for this technology. The Group believes that its new technology will continue to gain more market acceptance and will be one of the key drivers of its future revenue stream. Although the current business outlook is challenging, the Group will continue to promote its new technology to customers with the aim to secure more customer orders.

Ms Xie Ming, (谢明), Anchun's Executive Director and Chief Executive Officer said, "We are encouraged to see our marketing efforts for the Isothermal Low Temperature High CO Shift Technology translating into revenue for the Group. We secured three contracts for this new technology in the first half of this year, and added two more under our belt in the third quarter. That said, we will not rest on our laurels and will remain dedicated in our ongoing research and development efforts in order to maintain sustainable growth."

"As China moves towards a greener environment, we remain hopeful that improved market awareness on this green technology that we have will have a positive effect on the Group's business performance in the long-term. We are committed to continually evaluate our market proposition, recalibrate our product mix and sharpen our competitive edge" Xie Ming added.

The expansion and upgrading of the Group's catalyst manufacturing plant was completed in August 2014 and since then, the new unit has been onstream continuously filling backlogged processing

orders. With this expansion, the Group's annual processing capacity is tripled from 500 tonnes to 1,500 tonnes, enabling Anchun to better meet anticipated demand for its catalyst processing needs.

As at 30 September 2014, the Group's order book stood at approximately RMB170.1 million (30 June 2014: RMB146.9 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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