

ANCHUN INTERNATIONAL HOLDINGS LTD.

Company Registration Number: 200920277C

(Incorporated in the Republic of Singapore)

THE PROPOSED CONSOLIDATION OF EVERY TEN (10) EXISTING ISSUED ORDINARY SHARES IN THE CAPITAL OF THE COMPANY HELD BY SHAREHOLDERS OF THE COMPANY AT A BOOKS CLOSURE DATE TO BE DETERMINED, INTO ONE (1) ORDINARY SHARE IN THE CAPITAL OF THE COMPANY, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED

1. INTRODUCTION

The Board of Directors of Anchun International Holdings Ltd ("**Company**") wishes to announce that the Company proposes to undertake a share consolidation of every ten (10) ordinary shares ("**Shares**") in the capital of the Company, as at a books closure date to be determined by the Directors ("**Books Closure Date**"), into one (1) consolidated share ("**Consolidated Share**"), fractional entitlements to be disregarded ("**Proposed Share Consolidation**").

2. RATIONALE

On 1 August 2014, MAS and the SGX-ST jointly announced that, from March 2015, all issuers listed on the Mainboard of the SGX-ST would be required to maintain a minimum trading price of S\$0.20 ("**MTP Requirement**"). The MTP Requirement was introduced to improve the overall quality and attractiveness of the securities market in Singapore, as well as to curb excessive speculation and market manipulation.

SGX has since announced that issuers will be first assessed for compliance with the MTP Requirement twelve (12) months from 2 March 2015 (i.e. on 1 March 2016) and, thereafter, on a quarterly basis ("**Review Date**").

The assessment of whether an issuer has met the MTP Requirement will be based on the volume weighted average price ("**VWAP**") of an issuer's shares for the six (6) months preceding the applicable Review Date.

Issuers that fail to fulfil the MTP Requirement on any applicable Review Date will be placed on the SGX-ST watch-list and will, thereafter, have 36-months to exit the watch-list. Issuers who fail to exit the watch-list will be subject to delisting in accordance with the SGX-ST Listing Rules.

As at 25 February 2016, the 6-month VWAP of the Shares was S\$0.047, which is below the MTP Requirement of S\$0.20. In view of this, the Company is proposing to undertake the Proposed Share Consolidation to facilitate compliance with the MTP Requirement.

The Company is also proposing to hold the extraordinary general meeting ("**EGM**") to obtain Shareholders' approval for the Proposed Share Consolidation at the same time as the upcoming annual general meeting ("**AGM**"), which is due to be held on or before 30 April 2016, with a view to saving costs.

Shareholders should note that there is no assurance that the Proposed Share Consolidation will achieve the desired results, nor is there assurance that such results (if achieved) can be sustained in the longer term.

3. DETAILS OF THE PROPOSED SHARE CONSOLIDATION

Under the Proposed Share Consolidation, every ten (10) Shares registered in the name of each Shareholder as at the Books Closure Date will be consolidated into one (1) Consolidated Share. Each

Consolidated Share will rank *pari passu* in all respects with the then existing Shares and with each other. The Consolidated Shares will be traded in board lots of 100 Consolidated Shares.

Shareholders should note that the number of Consolidated Shares which they are entitled to, based on their holdings of the Shares as at the Books Closure Date, will be rounded down to the nearest whole Consolidated Share and any fractions of a Consolidated Share arising from the Proposed Share Consolidation will be aggregated and dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company. Shareholders should note that, in the event the Directors, in their absolute discretion, decide to cancel the aggregated fractions of Consolidated Shares arising from the Proposed Share Consolidation, affected Shareholders will not be paid for such fractional shares cancelled and not issued.

As at the date of this Announcement, the total issued share capital of the Company is S\$45,449,200, divided into 505,000,000 Shares.

The Proposed Share Consolidation will not have any impact on the issued and paid-up share capital of the Company or any effect on the shareholders' funds of the Company and its subsidiaries or involve any diminution in liability in respect of unpaid capital.

Shareholders are not required to make any payment to the Company in respect of the Proposed Share Consolidation. The Proposed Share Consolidation will also not cause any changes to the percentage shareholding of each Shareholder, other than non-material changes due to rounding.

Following completion of the Proposed Share Consolidation, the Company will have an issued share capital of S\$45,449,200 divided into 50,500,000 Consolidated Shares.

4. APPROVALS

The Proposed Share Consolidation is subject, *inter alia*, to:

- (a) the approval of the SGX-ST for the dealing in, listing of and quotation for the Consolidated Shares on the SGX-ST, and
- (b) the approval of the Shareholders, by way of ordinary resolution at an EGM to be convened.

An application will be made to the SGX-ST for permission to deal in and for the listing of and quotation for the Consolidated Shares on the SGX-ST. An appropriate announcement on the outcome of the application will be made in due course. Any approval granted by the SGX-ST for the listing and quotation of all the Consolidated Shares shall not be taken as an indication of the merits of the Proposed Share Consolidation.

Subject to the receipt of the approval in-principle from the SGX-ST in connection with the Proposed Share Consolidation, a circular containing, amongst other things, the notice of the EGM and the details of the Proposed Share Consolidation will be dispatched to the Shareholders in due course.

5. CAUTION IN TRADING

Shareholders are advised to exercise caution in trading their shares and should consult their stock brokers, bank managers, solicitors, accountants, tax advisers or other independent professional advisers if they have any doubt about the actions they should take.

6. RESPONSIBILITY STATEMENT

The Directors of the Company (including those who have delegated detailed supervision of this Announcement) jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable enquiries that, to the best of

their knowledge and belief, the opinions expressed (if any) in this Announcement have been arrived at after due and careful consideration and they are not aware of any other facts not contained in this Announcement, the omission of which would make any statement in this Announcement misleading.

Where any information has been extracted or reproduced from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

By Order of the Board
Anchun International Holdings Ltd

Xie Ming
Executive Director
26 February 2016