



ANCHUN INTERNATIONAL HOLDINGS LTD.

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For Immediate Release

Anchun continues to be profitable in 1H2014

- *Gross profit margin improved considerably by 8 percentage points, from 37% in 1H2013 to 45% in 1H2014*
- *Fall in revenue and net profit as a result of customers delaying delivery of finished goods, and lower revenue recognition for new projects at the engineering and design stage*
- *The Group's order book stood at RMB146.9 million as of 30 June 2014*

Financial Highlights

RMB'000	3 months ended 30 June		Change	6 months ended 30 June		Change
	2Q2014	2Q2013	%	1H2014	1H2013	%
Revenue	28,106	40,952	(31)	46,342	82,790	(44)
Gross Profit	12,315	15,332	(20)	20,848	30,652	(32)
Gross Profit Margin	44%	37%	N.A	45%	37%	N.A
Net (loss)/Profit Attributable to Shareholders	359	8,184	(96)	538	10,485	(95)

n.m - not meaningful

Singapore – 13 August 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 RMB0.4 million on the back of a year-on-year (“y-o-y”) 31% decrease in revenue to RMB28.1 million for the second quarter ended 30 June 2014 (“2Q2014”).

The fall in 2Q2014 revenue was largely a result of lower contribution from the Chemical Systems and Components (“CSC”) business segment, which made up more than 80% of the Group’s total revenue, due to some customers requesting to delay the delivery of finished goods. In addition, the Group saw

lower revenue recognition from new projects which are at the engineering and design stage, during which a smaller portion of revenue is typically recognized.

Whilst the Group's gross profit was affected, falling 20% y-o-y to RMB12.3 million, gross profit margin improved considerably by 7 percentage points, from 37% in 2Q2013 to 44% in 2Q2014. This was mainly attributable to higher revenue contribution from the Group's Chemical Systems Engineering and Technology Design Services ("Engineering Services") business segment which typically generates higher margins, as well as changes in product mix from the CSC Business.

1H2014 performance

For the half-year ended 30 June 2014 ("1H2014"), Anchun registered a net profit attributable to shareholders of RMB0.5 million, on revenue of RMB46.3 million. Due to lower revenue contribution from the CSC business segment, gross profit for 1H2014 fell 32% to RMB20.9 million. In the same vein, gross profit margin went up 8 percentage points, from 37% in the corresponding period in the preceding financial year ("1H2013") to 45% in 1H2014.

Revenue from the CSC business segment dropped 41% to RMB38.1 million, while revenue from the Engineering Services business segment increased 53% to RMB7.2 million on completion of the bulk of design work for three engineering projects in 1H2014.

Due to disruptions from ongoing expansion and upgrading works at the catalyst manufacturing plant and changes in the product mix from the CSC business affecting sales in catalyst components, revenue from the Catalyst business segment was reduced to RMB1.0 million in 1H2014, as compared to RMB13.3 million in 1H2013.

Based on the latest set of results, the Group's earnings per share stood at RMB0.11 cents for 1H2014, while net asset value per share rose to RMB62.37 cents as at 30 June 2014.

Outlook

As China embarks on the transformation of its economic model, the Group expects business outlook to remain challenging. In its bid to achieve sustainable growth, Anchun remains steadfast in its ongoing research and development efforts.

Ms Xie Ming, (谢明), Anchun's Executive Director and Chief Executive Officer said, "Having successfully commercialised our new proprietary technology – the Isothermal Low Temperature High CO Shift Technology (高一氧化碳等温低温变换技术) in a fertilizer manufacturing plant just last year, we are seeing these marketing efforts converting into sales. We have secured three more contracts for this technology in 1H2014, with a total value of RMB43.9 million."

The Isothermal Low Temperature High CO Shift Technology is the first-of-its-kind in the People's Republic of China, targeting at industries with high CO emissions. The Group believes that this new technology will continue to drive Anchun's revenue growth.

"Given China's stricter stance on carbon emissions, we remain cautiously optimistic that increased market awareness on this technology will bode well for the Group's business performance in the long-term. We strive to evaluate our market proposition, recalibrate our product mix and develop new competitiveness." Xie Ming added.

The expansion and upgrading of the Group's catalyst manufacturing plant is also well on track, and expected to complete in the second half of the current financial year, tripling annual processing capacity at the plant from 500 tonnes to 1,500 tonnes, enabling Anchun to better meet anticipated demand for its catalyst products.

As at 30 June 2014, the Group's order book stood at approximately RMB146.9 million (31 March 2014: RMB160.0 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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