

ANCHUN INTERNATIONAL HOLDINGS LTD.

Registration No. 200920277C

(the "Company")

(Incorporated in the Republic of Singapore)

CHANGE IN USE OF IPO PROCEEDS AND USE OF IPO PROCEEDS

The Board of Directors (the "Board") of Anchun International Holdings Ltd (the "Company" and together with its subsidiaries, the "Group") refers to the prospectus dated 13 October 2010 ("Prospectus") in respect of the proposed use of net proceeds raised from the Company's initial public offering ("IPO") and the subsequent announcements on the usage of net proceeds during the Company's quarterly results announcements.

The Company wishes to announce a change in the use of the net proceeds from what was proposed in the Prospectus.

USE OF NET PROCEEDS

The Company has disclosed in the Prospectus that the net proceeds from the IPO, amounting to S\$25,871,000, were to be used as follows:

Purpose of IPO Proceeds	Amount allocated	
	(in S\$'000)	(in RMB'000)
(a) Expand our production facilities and capacities	21,500	110,936
(b) Enhance our R&D capabilities and widen our range of innovative and cost-effective solutions	3,000	15,479
(c) Working capital purposes	1,371	7,074
Total	25,871	133,489

Pursuant to the Company's announcement on 13 August 2014 of its financial statements for the second quarter and half year ended 30 June 2014, the proceeds allocated for working capital purposes has been fully utilised while the balances of the net proceeds earmarked for (a) and (b) above amount to RMB100,721,000 and RMB14,759,000 respectively (the "Balance Proceeds").

CHANGE IN USE OF BALANCE PROCEEDS

The Company would like to announce, pursuant to Rule 704(30) of the Singapore Exchange Securities Trading Limited's Listing Manual, that there will be a change in the use of the net proceeds as was previously set out in the Prospectus.

The Company will re-allocate approximately RMB15.0 million from the use of proceeds for expansion of production facilities and capacities to fund the working capital requirement in connection with the investment in CO Shift Catalyst Unit and technology implementations as follows :-

- (i) Invest in a new catalyst production line for CO Shift Catalyst – RMB7.0 million; and
- (ii) Increase in sales and marketing activities for technology implementations – RMB8.0 million.

The Company considers that the aforementioned re-allocation is advantageous to the Group and in the best interests of the Company and its shareholders as a whole.

The use of Balance Proceeds after the aforesaid re-allocation is set out below:-

Purpose of IPO Proceeds	Amount allocated	Amount utilised	Balance Proceeds	Balance Proceeds (after re-allocation)
	RMB'000	RMB'000	RMB'000	RMB'000
Expand our production facilities and capacities	110,936	10,215	100,721	85,721
Enhance our R&D capabilities and widen our range of innovative and cost-effective solutions	15,479	720	14,759	14,759
Working capital purposes				
- Existing Allocation	7,074	7,074	-	-
- Additional Allocation	-	-	-	15,000
Total	133,489	18,009	115,480	115,480

USE OF IPO PROCEEDS

The Company also wishes to announce that the amount of RMB9.0 million of its IPO proceeds is being utilised to fund the expansion of its production facilities and capacities and it will also disburse RMB15.0 million to its wholly-owned subsidiary, Hunan Anchun Advanced Technology Co., Ltd for working capital purposes.

The balance of the IPO proceeds after the aforesaid utilisation is set out below:-

Purpose of IPO Proceeds	Amount allocated	Amount utilised	Balance Proceeds (after re-allocation)	Balance Proceeds (after utilisation)
	RMB'000	RMB'000	RMB'000	RMB'000
Expand our production facilities and capacities	110,936	10,215	85,721	76,721
Enhance our R&D capabilities and widen our range of innovative and cost-effective solutions	15,479	720	14,759	14,759
Working capital purposes				
- Existing Allocation	7,074	7,074	-	-
- Additional Allocation	-	-	15,000	-
Total	133,489	18,009	115,480	91,480

The Company will continue to provide updates on the use of the IPO proceeds as and when such proceeds have been materially disbursed.

By Order of the Board
Anchun International Holdings Ltd.

Xie Ding Zhong
Non-Executive Chairman
10 October 2014