



Anchun International Holdings Ltd.

(Incorporated in Singapore)

(Company registration number: 200920277C)

Unaudited Results for the Fourth Quarter and the Year Ended 31 December 2014

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			Group		
	Unaudited	Unaudited	Change	Unaudited	Audited	Change
	3 months ended			12 months ended		
	31/12/2014	31/12/2013		31/12/2014	31/12/2013	
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue	45,895	36,434	26%	129,354	134,120	-4%
Cost of sales	(30,047)	(24,317)	24%	(76,118)	(86,419)	-12%
Gross Profit	15,848	12,117	31%	53,236	47,701	12%
Other item of income						
Finance and other income	4,820	3,982	21%	11,457	8,909	29%
Other items of expenses						
Marketing and distribution expenses	(2,845)	(1,991)	43%	(5,799)	(5,361)	8%
Administrative expenses	(14,899)	(11,477)	30%	(42,783)	(38,905)	10%
Research and development ("R&D") expenses	(2,519)	(3,564)	-29%	(7,754)	(5,546)	40%
Other operating expense	(96)	-	N.M.	(96)	-	N.M.
Finance costs	(281)	(406)	-31%	(1,414)	(1,669)	-15%
Profit/(loss) before tax	28	(1,339)	N.M.	6,847	5,129	33%
Income tax (expense)/credit	(151)	1,702	N.M.	(1,600)	1,991	N.M.
(Loss)/profit for the period/year, representing total comprehensive income for the period/year attributable to owners of the Company	(123)	363	N.M.	5,247	7,120	-26%

N.M. - not meaningful

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

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

	Group			Group		
	Unaudited	Unaudited	Change	Unaudited	Audited	Change
	3 months ended			12 months ended		
31/12/2014	31/12/2013		31/12/2014	31/12/2013		
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Depreciation of property, plant and equipment ("PPE")	3,356	3,097	8%	12,903	12,832	1%
Depreciation of investment property	44	44	0%	176	176	0%
Amortisation of land use rights	93	91	2%	367	365	1%
Amortisation of intangible assets	1	14	-93%	12	66	-82%
Allowance for/(write-back of) impairment of trade receivables - net	(1,500)	(930)	61%	(983)	(353)	178%
Allowance for/(write-back of) prepayment	96	-	N.M.	96	(1)	N.M.
Allowance for/(write-back of) inventory obsolescence	4,000	(1,072)	N.M.	3,912	(1,072)	N.M.
(Gain)/loss on disposal of PPE	(23)	7	N.M.	(567)	117	N.M.
Exchange loss/(gain)	99	84	18%	(53)	387	N.M.
Allowance for/(write-back of) after-sale expenses	8	9	-11%	(28)	32	N.M.
Finance income	(1,845)	(976)	89%	(4,272)	(3,851)	11%
Finance costs	281	406	-31%	1,414	1,669	-15%

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 31/12/2014 RMB'000	Audited 31/12/2013 RMB'000	Unaudited 31/12/2014 RMB'000	Audited 31/12/2013 RMB'000
ASSETS				
Non-current assets				
Property, plant and equipment	121,783	122,613	–	–
Intangible assets	62	11	–	–
Land use rights	14,805	15,172	–	–
Deferred tax assets	153	153	–	–
Investment in a subsidiary	–	–	75,000	75,000
Investment property	964	1,140	–	–
Prepayments	4,751	2,775	–	–
	<u>142,518</u>	<u>141,864</u>	<u>75,000</u>	<u>75,000</u>
Current assets				
Inventories	71,615	62,265	–	–
Trade and other receivables	59,052	47,741	35,802	25,504
Bills receivable	40,390	22,372	–	–
Prepayments	6,655	3,176	80	83
Cash and cash equivalents	164,684	189,829	29,930	33,406
	<u>342,396</u>	<u>325,383</u>	<u>65,812</u>	<u>58,993</u>
Total assets	<u>484,914</u>	<u>467,247</u>	<u>140,812</u>	<u>133,993</u>
EQUITY AND LIABILITIES				
Current liabilities				
Trade and other payables	89,006	99,089	10,873	–
Advances from customers	52,785	35,006	–	–
Other liabilities	19,332	16,180	1,163	1,429
Provision for after-sale expenses	35	63	–	–
Income tax payable	5,034	3,434	–	–
	<u>166,192</u>	<u>153,772</u>	<u>12,036</u>	<u>1,429</u>
Net current assets	<u>176,204</u>	<u>171,611</u>	<u>53,776</u>	<u>57,564</u>
Non-current liability				
Deferred tax liabilities	100	100	–	–
	<u>100</u>	<u>100</u>	<u>–</u>	<u>–</u>
Total liabilities	<u>166,292</u>	<u>153,872</u>	<u>12,036</u>	<u>1,429</u>
Net assets	<u>318,622</u>	<u>313,375</u>	<u>128,776</u>	<u>132,564</u>
Equity attributable to owners of the Company				
Share capital	149,278	149,278	149,278	149,278
Treasury shares	(430)	(430)	(430)	(430)
Other reserves	117,895	115,880	–	–
Accumulated profits/(loss)	51,879	48,647	(20,072)	(16,284)
Total equity	<u>318,622</u>	<u>313,375</u>	<u>128,776</u>	<u>132,564</u>
Total equity and liabilities	<u>484,914</u>	<u>467,247</u>	<u>140,812</u>	<u>133,993</u>

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 2013: RMB65.0 million) as at 31 December 2014 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		Group Unaudited 12 months ended		
	31/12/2014	31/12/2013	31/12/2014	31/12/2013	
	Note	RMB'000	RMB'000	RMB'000	RMB'000
Operating activities					
Profit/(loss) before tax		28	(1,339)	6,847	5,129
<u>Adjustment for:</u>					
Depreciation of property, plant and equipment		3,356	3,097	12,903	12,832
Depreciation of investment property		44	44	176	176
Amortisation of intangible assets		1	14	12	66
Amortisation of land use rights		93	91	367	365
Write-back of impairment of trade receivables - net		(1,500)	(930)	(983)	(353)
Allowance for/(write-back of) inventory obsolescence		4,000	(1,072)	3,912	(1,072)
Allowance for/(write-back of) prepayment		96	–	96	(1)
Allowance for/(write-back of) after-sale services		8	9	(28)	32
(Gain)/loss on disposal of PPE		(23)	7	(567)	117
Net foreign exchange loss/(gain)		99	84	(53)	387
Finance costs		281	406	1,414	1,669
Finance income		(1,845)	(976)	(4,272)	(3,851)
Operating cash flows before changes in working capital		4,638	(565)	19,824	15,496
<u>Changes in working capital</u>					
Decrease/(increase) in:					
Inventories		67	14,780	(13,262)	10,428
Trade and other receivables		2,170	(2,146)	(10,329)	(12,462)
Bills receivable		(18,074)	9,212	(18,018)	(5,738)
Prepayments		(1,351)	2,760	(3,575)	(1,098)
(Decrease)/ increase in:					
Trade and other payables		5,951	7,378	8,135	568
Advances from customers		4,381	(14,751)	17,779	(13,994)
Other liabilities		8,439	4,487	4,821	4,192
Total changes in working capital		1,583	21,720	(14,449)	(18,104)
Cash flows generated from/(used in) operations		6,221	21,155	5,375	(2,608)
Interest received		1,845	976	4,272	3,851
Interest paid		–	–	(1,669)	(2,163)
Income taxes paid		–	–	–	(1,880)
Net cash generated from/(used in) operating activities		8,066	22,131	7,978	(2,800)

ANCHUN INTERNATIONAL HOLDINGS LTD.
UNAUDITED RESULTS FOR THE FOURTH QUARTER AND THE YEAR ENDED 31 DECEMBER 2014

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		Group Unaudited 12 months ended	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	RMB'000	RMB'000	RMB'000	RMB'000
Investing activities				
Purchase of property, plant and equipment	A (2,737)	(1,182)	(13,755)	(8,408)
Purchase of intangible assets - software	(63)	–	(63)	–
Proceed from disposal of PPE	110	5	727	5
Net cash used in investing activities	(2,690)	(1,177)	(13,091)	(8,403)
Financing activity				
Repayment of loans due to the former shareholders of a subsidiary	–	–	(20,085)	(21,600)
Net cash used in financing activity	–	–	(20,085)	(21,600)
Net increase/(decrease) in cash and cash equivalents	5,376	20,954	(25,198)	(32,803)
Cash and cash equivalents at beginning of period/year	159,407	168,959	189,829	223,019
Effect of exchange rate changes on cash and cash equivalents	(99)	(84)	53	(387)
Cash and cash equivalents at end of period/year	164,684	189,829	164,684	189,829

Note A: Property, plant and equipment

	Group Unaudited 3 months ended		Group Unaudited 12 months ended	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	RMB'000	RMB'000	RMB'000	RMB'000
Current period/year additions to property, plant and equipment	5,478	1,196	12,233	4,897
Less: Payable to creditors for current period/year purchases	(2,087)	(877)	(3,444)	(1,999)
Prepayment made in prior period/year	(4,404)	(716)	(8,261)	(83)
Add: Payments for prior period/year purchase	1,635	195	2,991	2,818
Prepayments made in current period/year	2,115	1,384	10,236	2,775
Net cash outflow for purchase of property, plant and equipment	2,737	1,182	13,755	8,408

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	Treasury Shares	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
Group								
Balance at 1 January 2013	149,278	(430)	1,725	36,024	1,036	75,000	43,622	306,255
Profit for the year, representing total comprehensive income for the year	—	—	—	—	—	—	7,120	7,120
Others								
Safety production expenditure incurred for the year	—	—	—	—	(14)	—	14	—
Transfer to statutory reserve – safety production expenditure	—	—	—	—	1,125	—	(1,125)	—
Transfer to statutory reserve fund	—	—	—	984	—	—	(984)	—
Total others	—	—	—	984	1,111	—	(2,095)	—
Balance at 31 December 2013	149,278	(430)	1,725	37,008	2,147	75,000	48,647	313,375
Group								
Balance at 1 January 2014	149,278	(430)	1,725	37,008	2,147	75,000	48,647	313,375
Profit for the year, representing total comprehensive income for the year	—	—	—	—	—	—	5,247	5,247
Others								
Transfer to statutory reserve – safety production expenditure	—	—	—	—	1,048	—	(1,048)	—
Transfer to statutory reserve fund	—	—	—	967	—	—	(967)	—
Total others	—	—	—	967	1,048	—	(2,015)	—
Balance at 31 December 2014	149,278	(430)	1,725	37,975	3,195	75,000	51,879	318,622

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	Treasury Shares	Accumulated losses	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000
Company				
Balance at 1 January 2013	149,278	(430)	(12,515)	136,333
Loss for the year, representing total comprehensive income for the year	–	–	(3,769)	(3,769)
Balance at 31 December 2013	149,278	(430)	(16,284)	132,564
Company				
Balance at 1 January 2014	149,278	(430)	(16,284)	132,564
Loss for the year, representing total comprehensive income for the year	–	–	(3,788)	(3,788)
Balance at 31 December 2014	149,278	(430)	(20,072)	128,776

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 treasury shares as at 31 December 2013	505,000,000	149,278
Ordinary shares including employee benefit trust ("EBT") as at 31 December 2014	505,000,000	149,278

Convertibles

The Company did not have outstanding convertibles as at 31 December 2014 and 31 December 2013.

Treasury/EBT shares

The Company had 1,700,000 treasury shares as at 31 December 2013. On 30 December 2014, the Company transferred 1,700,000 treasury shares to an EBT managed by a director-related company. The shares will be released to the employees at the conclusion of the three years vesting period lapsed under the Anchun Performance Share Plan 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 31.12.14	As at 31.12.13
Total number of issued shares excluding treasury/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

On 30 December 2014, the Company transferred 1,700,000 treasury shares to an EBT managed by a director-related company. The shares will be released to the employees at the conclusion of the three years vesting period lapsed under the Anchun Performance Share Plan 2014.

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 year beginning on or after 1 January 2014, 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 annual periods beginning on or after 1 January 2014. 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 31/12/2014	3 months ended 31/12/2013	12 months ended 31/12/2014	12 months ended 31/12/2013
(Loss)/profit net of tax attributable to owners of the Company (RMB '000)	(123)	363	5,247	7,120
Weighted average number of ordinary shares ('000) on issue applicable to basic EPS	503,300	503,300	503,300	503,300
Weighted average number of ordinary shares ('000) on issue applicable to diluted EPS	505,000	505,000	505,000	505,000
Basic (loss)/earnings per share (RMB cents)	(0.02)	0.07	1.04	1.41
Diluted (loss)/earnings per share (RMB cents)	(0.02)	0.07	1.04	1.41

Basic (loss)/earnings per share for the 3 months and 12 months ended 31 December 2014 and 31 December 2013 are computed by dividing the (loss)/profit net of tax attributable to owners of the Company by the weighted average number of ordinary shares excluding treasury/EBT shares.

Diluted (loss)/earnings per share for the 3 months and 12 months ended 31 December 2014 and 31 December 2013 are computed by dividing the (loss)/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.**

	<u>Group</u>		<u>Company</u>	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Net asset value per share (RMB cents per share)	63.31	62.26	25.59	26.34

Net asset value per ordinary share as at 31 December 2014 and as at 31 December 2013 were calculated based on the existing number of shares in issue excluding treasury/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

FY2014 vs FY2013

Revenue decreased by RMB4.7 million or 4% from RMB134.1 million in FY2013 to RMB129.4 million in FY2014. The decrease was mainly due to the variations in revenue contribution from all three businesses, further described as follows:-

Revenue from our Engineering Services

Revenue from our Engineering Services increased by RMB4 million, or 40%, from RMB9.9 million in FY2013 to RMB13.9 million in FY2014. The increase in revenue from Engineering Services was mainly due to the increase in the revenue recognised based on the extent of completion.

Revenue from our CSC Business

Revenue from our CSC Business decreased marginally by RMB0.4 million or 0.4% from RMB106.5 million in FY2013 to RMB106.1 million in FY2014. This was mainly due to that certain customer postponed delivery to year 2015. The Company focused on patented low pressure methanol synthesis reactor and an Isothermal Low Temperature High CO Shift reactor with high profit margin, which accounted for 55% of revenue from CSC business revenue in FY2014 as compared to 25% in FY2013.

Revenue from our Catalyst Business

Revenue from our Catalyst Business decreased by RMB8.4 million or 47% from RMB17.8 million in FY2013 to RMB9.4 million in FY2014. The decrease was mainly due to the catalyst market demand reduction in year 2014 on oxidative catalysts and months-long expansion on the unit of reduced catalyst causing loss of on-stream time.

4Q2014 vs 4Q2013

The Group's revenue increased by RMB9.5 million or 26% from RMB36.4 million in 4Q2013 to RMB45.9 million in 4Q2014. This was mainly due to the increase in revenue from our Engineering Services and revenue from our CSC Business in 4Q2014 as compared to 4Q2013.

A) Income Statements (cont'd)

Gross profit margin

FY2014 vs FY2013

Our overall gross profit increased by RMB 5.5 million or 12% from RMB47.7 million in FY2013 to RMB 53.2 million in FY2014 and our gross profit margin increased from 35.6% in FY2013 to 41.2% in FY2014.

The significant increase in our overall gross profit margin was mainly due to the increase in margins of our CSC Business. The CSC business margin rose from 32% in FY2013 to 41% in FY2014 and accounted for about 82% of our total revenue in FY2014. The higher gross profit margin from this business segment was mainly a result of a higher percentage contribution from the sales of proprietary technology equipments which has a higher margin than other equipment.

The increase in overall gross margin was also due to the revenue percentage increase of Engineering Services with high gross margin 68%, which accounted for 11% of revenue in FY2014 as compared to 7% in FY2013.

4Q2014 vs 4Q2013

Our gross profit for 4Q2014 increased significantly by RMB3.7 million or 31% from RMB12.1 million in 4Q2013 to RMB15.8 million in 4Q2014, the increase was due to the revenue increase in 4Q2014 as compared to 4Q2013 and the higher percentage contribution from the equipments sales which has a higher margin.

Finance and other income

FY2014 vs FY2013

Finance and other income increased significantly by RMB2.6 million or 29% from RMB8.9 million in FY2013 to RMB11.5 million in FY2014. The increase was mainly due to the gain on sale of equipment used for research and development efforts with the cost previously expensed off and the increase in interest income RMB0.4 million as compared to FY2013. The increase in interest income was attributable higher interest generated from bank financial management products in FY 2014 as compared to FY2013.

4Q2014 vs 4Q2013

Finance and other income increased by RMB0.8 million or 20% from RMB4.0 million in 4Q2013 to RMB4.8 million in 4Q2014. The increase was mainly due to the gain from sale of equipment used for research and development efforts with the cost previously expensed off and the increase in interest income.

Marketing and distribution expenses

FY2014 vs FY2013

Marketing and distribution expenses increased marginally by RMB0.4 million or 7% from RMB5.4 million in FY2013 to RMB5.8 million in FY2014. The increase was mainly due to the increase of travelling expenses, bidding service expense and after-sale expenses.

4Q2014 vs 4Q2013

Marketing and distribution expenses increased by RMB0.8 million or 40% from RMB2.0 million in 4Q2013 to RMB2.8 million in 4Q2014, and the increase was mainly due to the increase of conference expense and travelling expense.

A) Income Statements (cont'd)

Administrative expenses (cont'd)

FY2014 vs FY2013

Administrative expenses increased by RMB3.8 million or 10% from RMB38.9 million in FY2013 to RMB42.7 million in FY2014. The increase was mainly due to the increase in labor expense, depreciation and property tax, and partially offset by the decrease in vehicle usage expense, housing insurance and provision for doubtful debts.

4Q2014 vs 4Q2013

Administrative expenses increased by RMB3.4 million or 30% from RMB11.5 million in 4Q2013 to RMB14.9 million in 4Q2014. The increase was mainly due to the increase in maintenance expense and labor expense.

R&D expenses

FY2014 vs FY2013

The R&D expenses increased by RMB2.2 million or 40% from RMB5.5 million in FY2013 to RMB7.7 million in FY2014. The increase was mainly due to several new technology research and development project work.

4Q2014 vs 4Q2013

The R&D expenses decreased by RMB1.0 million or 29% from RMB3.5 million in 4Q2013 to RMB2.5 million in 4Q2014. The decrease was mainly due to less expense incurred in 4Q2014 as compared to 4Q2013.

Finance costs

FY2014 vs FY2013

Finance costs decreased by RMB0.26 million or 16% from RMB1.67 million in FY2013 to RMB1.41 million in FY2014. The decrease was mainly due to the decrease in interest expenses arising from the partial repayment of the loan from the former shareholders of our subsidiary.

4Q2014 vs 4Q2013

Finance costs decreased by RMB0.13 million or 32% from RMB0.41 million in 4Q2013 to RMB0.28 million in 4Q2014. The decrease was mainly due to the decrease in interest expenses arising from the partial repayment of the loan from the former shareholders of our subsidiary.

Income tax expense

FY2014 vs FY2013

The Income tax expense increased by RMB3.6 million from tax credit RMB2.0 million in FY2013 to tax expense RMB1.6 million in FY2014. The increase was mainly due to the write-back of tax provisions upon finalization of prior years' tax positions with the PRC tax authority was completed in FY 2013 and there was no such tax credit in FY2014.

4Q2014 vs 4Q2013

The Income tax expense increased by RMB1.9 million from tax credit RMB1.7 million in 4Q2013 to tax expense RMB0.2 million in 4Q2014. The increase was mainly due to the write-back of tax provisions upon finalization of prior years' tax positions with the PRC tax authority was completed in year 4Q2013 and there was no such tax credit in 4Q2014.

A) Income Statements (cont'd)

Net profit attributable to owners of the Company

FY2014 vs FY2013

The Group recorded a net profit attributable to owners of the Company decreased by RMB1.9 million from RMB7.1 million in FY2013 to RMB5.2 million in FY2014. The net profit decrease was due to that the income tax expense increased by RMB3.6 million as compared to FY2013, since the profit before tax increased by RMB1.7 million or 33% from RMB5.1 million in FY2013 to RMB6.8 million in FY2014 with the overall gross profit margin increase in FY2014.

4Q2014 vs 4Q2013

The Group recorded a net profit attributable to owners of the Company decreased by RMB0.5 million from RMB0.4 million in 4Q2013 to net loss RMB0.1 million in 4Q2014. It is mainly due to that there was tax credit RMB 1.7million in 4Q2013 but the income tax expense recognized RMB 0.1 million considering the profit before tax of 4Q2014 is better than that of 4Q2013.

B) Balance Sheet Statements

Non-current assets

Non-current assets increased by RMB0.6 million or 0.4% from RMB141.9 million as at 31 December 2013 to RMB142.5 million as at 31 December 2014. 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 marginally by RMB0.8 million or 0.7% from RMB122.6 million as at 31 December 2013 to RMB121.8 million as at 31 December 2014, mainly due to depreciation charges partially offset by additions. Prepayment increased by RMB 2.0 million from RMB2.8million as at 31 December 2013 to RMB4.8 million as at 31 December 2014 mainly due to prepayment for property, plant and equipment relating to the upgrading of the catalyst manufacturing plant.

Current assets

Current assets increased by RMB17.0 million or 5% from RMB325.4 million as at 31 December 2013 to RMB342.4 million as at 31 December 2014, mainly due to the increase in inventory, trade and others receivable and bill receivable of RMB9.4 million, RMB11.3 million and RMB18.0 million respectively. The increases are partially offset by the decrease in cash and cash equivalent of RMB25.1 million. The decrease in cash and cash equivalents was mainly due to increase in working capital, purchases of property, plant and equipment and repayment of loans due to the former shareholders of our subsidiary. The increase in inventories was due to the finished goods delivery date is in FY2015, and increase in trade receivable was due to the collection due date is in FY2015. The increase in bills receivable was mainly due to more customers used bills receivable as the mode of payments as at year end.

Current liabilities

Current liabilities increased by RMB12.4 million or 8% from RMB153.8 million as at 31 December 2013 to RMB166.2 million as at 31 December 2014. The increase was mainly attributed to the increase in advance from customers, other liabilities, and income tax payables amounting to RMB17.8 million, RMB3.2 million and RMB1.6 million respectively, and partially offset by the decrease in amount due to past shareholders and dividend payable to founding shareholders of RMB12.8 million and RMB7.2 million respectively which included in trade and other payables.

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

FY2014

Cash and cash equivalents decreased by RMB25.1 million in FY2014 which was mainly attributed to cash generated in operating activities and cash used in investing activities and financing activities. Net cash RMB8.0 million was generated in operating activities, while RMB13.1 million was used in investing activities for the purchase of property, plant and equipment, and RMB20.0 million was used in financing activity for the repayment of loan due to the former shareholders of our subsidiary.

4Q2014

Cash and cash equivalents increased by RMB5.4 million in 4Q2014 which was mainly attributed to cash generated from operating activities partially offsetting by cash used in investing activities. RMB8.1 million was generated from operating activities while RMB2.7 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 December 2014.

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. As such the Group expects the business environment to remain competitive in the next 12 months 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 at 31 December 2014 is approximately RMB181.6 million (30 September 2014: RMB170.1 million).

11) Dividend

(a) Current financial period reported on

The Company does not recommend any dividend for the financial year ended 31 December 2014.

(b) Corresponding period of the immediately preceding financial year

The Company did not recommend or declare any dividend for the financial year ended 31 December 2013

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

The Company does not recommend any dividend for the financial period ended 31 December 2014.

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 December 2014, 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	12,914 ⁽¹⁾	83,022
(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	9,159	12,915
Total	133,489	22,793	110,696

(1): It is used to increase the processing capability of the reduced-catalyst production plant. The IPO proceed earmarked for this expansion is RMB18 million. The annual processing capability of the reduced-catalyst production plant will increase from 500 tonnes to 1,500 tonnes upon the completion of this expansion.

15) **Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year**

	Engineering Services RMB'000	CSC Business RMB'000	Catalyst Business RMB'000	Total RMB'000
31 December 2014				
Revenue				
External customers	13,898	106,052	9,404	129,354
Total revenue	13,898	106,052	9,404	129,354
Results				
Segment gross profit	9,407	39,964	3,865	53,236
Unallocated finance and other income				11,457
Unallocated expenses, net				(57,846)
Profit before tax				6,847
Income tax expense				(1,600)
Profit for the year				5,247

	Engineering Services RMB'000	CSC Business RMB'000	Catalyst Business RMB'000	Total RMB'000
31 December 2013				
Revenue				
External customers	9,899	106,455	17,766	134,120
Total revenue	9,899	106,455	17,766	134,120
Results				
Segment gross profit	7,013	34,886	5,802	47,701
Unallocated finance and other income				8,909
Unallocated expenses, net				(51,481)
Profit before tax				5,129
Income tax credit				1,991
Profit for the year				7,120

- 16) **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.**

See note 8 above.

- 17) **A breakdown of sales**

	Group		Increase/ (Decrease) %
	FY2014	FY2013	
	RMB'000	RMB'000	
(a) Sales reported for the first half of the year	46,342	82,790	-44.0%
(b) Operating profit after tax for the first half year	538	10,485	-94.9%
(c) Sales reported for the second half of the year	83,012	51,330	61.7%
(d) Operating profit/(loss) after tax for the second half year	4,709	(3,365)	N.M.

N.M. - not meaningful

- 18) **A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year**

Not applicable.

- 19) **Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(11) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, we confirm that, none of the persons occupying managerial positions in Anchun International Holdings Limited ("the Company") or any of its principal subsidiaries is a relative of a director or chief executive officer or substantial shareholder of the Company.

By Order of the Board

Xie Ming
 Executive Director and CEO
 27 February 2015