

**ANCHUN INTERNATIONAL HOLDINGS LTD.**

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Changsha, Hunan, China**FOR IMMEDIATE RELEASE**

## **Anchun reports improved gross profitability; Proprietary technology gains traction**

- *Gross profit margin up 5.6 percentage points to 41.2% on higher contribution from Engineering Services, the Group's most profitable business; bottom-line impacted by higher R&D expenses and absence of an income tax refund compared with 2013*
- *Confident about its proprietary Isothermal Low Temperature High CO Shift Technology, which saw significantly increased sales to RMB37.9 million in FY2014, from RMB4.9 million in FY2013*
- *Healthy order book as at 31 December 2014 of approximately RMB181.6 million*

**Financial Highlights (FYE 31 December)**

<b>RMB'000</b>	<b>4QFY14</b>	<b>4QFY13</b>	<b>% Chg</b>	<b>FY2014</b>	<b>FY2013</b>	<b>% Chg</b>
Revenue	45,895	36,434	26.0	129,354	134,120	(3.6)
Gross Profit	15,848	12,117	30.8	53,236	47,701	11.6
Gross Profit Margin (%)	34.5	33.3	1.2%pts	41.2	35.6	5.6%pts
Profit /(Loss) Before Tax	28	(1,339)	N.M.	6,847	5,129	33.5
Net (Loss)/Profit Attributable to Shareholders	(123)	363	N.M.	5,247	7,120	(26.3)

N.M - not meaningful

**Singapore – 27 February 2015** – 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 and environmental protection industry, today reported a net profit attributable to shareholders of RMB5.2 million on revenue of RMB129.4 million for the financial year ended 31 December 2014 (“FY2014”). This compared to earnings and sales of RMB7.1 million and RMB134.1 million respectively for the

financial year ended 31 December 2013 (“FY2013”). Despite the revenue dip, gross profitability of the Group was substantially higher due to the product mix sold.

Gross profit of the Group surged 11.6% to RMB53.2 million in FY2014 from RMB47.7 million a year ago, while margin was increased by 5.6 percentage points to 41.2% from 35.6%. This was due to increased contribution from sales of higher-margin proprietary equipment in its Chemical Systems and Components (“CSC”) business, which raised this segment’s gross margin to 37.7% from 31.8% in FY2013, as well as higher contribution from its high-margin Chemical Engineering service business. Yielding a gross profit margin of 68.3%, the latter segment accounted a higher proportion of revenue in FY2014 compared to FY2013.

However, due to an absence of income tax refund as well as higher Research and Development (“R&D”) expenses in 2014, the Group’s bottom-line was trimmed 26.3% year-on-year to RMB5.2 million from RMB7.1 million in FY2013.

**Business performance by segments**

<b>Revenue by Business Segment (RMB'000)</b>	<b>FY2014</b>	<b>FY2013</b>	<b>Chg</b>	<b>% Chg</b>
Chemical Engineering Services	13,898	9,899	3,999	40.4
CSC Business	106,052	106,455	(403)	(0.4)
Catalyst Business	9,404	17,766	(8,362)	(47.1)

During the year, the Group’s revenue from Chemical Engineering service increased 40.4% to RMB13.9 million as more revenue was recognized based on the progress of the projects.

For its CSC Business, even though segment revenue fell 0.4% to RMB106.1 million in FY2014, the Group made commendable progress in marketing its Isothermal Low Temperature High CO Shift Reactor, a product that yields healthy margins. As a percentage of CSC revenue, this product accounted for RMB37.9 million or 29% in FY2014 compared to RMB4.9 million or 4% in FY2013. The trimmed revenue was the result of factors that included Anchun’s intensified focus on this product and patented low pressure methanol synthesis reactor as well as a customer postponing its delivery to 2015.

At the same time, revenue from the Catalyst Business declined 47.1% to RMB9.4 million in FY2014 from RMB17.8 million due to lower demand arising from reduced market demand for oxidative catalyst and loss of on-stream time due to the months-long expansion of the reduced catalyst unit.

Based on this, the Group's earnings per share was RMB1.04 cents for FY2014, while net asset value per share rose from RMB62.26 cents as at 31 December 2013 to RMB63.31 cents as at 31 December 2014.

### **Outlook**

The Group expects its operating environment to remain competitive in the next 12 months as the economic and credit growth of the People's Republic of China ("PRC") is expected to be dampened by the government's ongoing attempts to restructure the economy.

Notwithstanding this, Anchun remains positive about the long-term market prospects of its newly minted Isothermal Low Temperature High CO Shift Technology, a first-of-its kind in the PRC, which has an important role to play amidst the PRC's efforts in implementing integrated resource utilization and low carbon emission measures.

Ms Xie Ming, (谢明), Anchun's Executive Director and Chief Executive Officer said, "Since its launch in FY2013, we are encouraged to see the growing contribution of the Isothermal Low Temperature High CO Shift Technology to our bottom-line. This is clearly a demonstration of our R&D efforts translating into a positive effect on our financial performance. So far this year, we have added 6 contracts worth RMB74.4 million for this new technology.

"As China gears up towards becoming a greener economy, we believe this technology will be able to play an instrumental role in China's goal to reduce its carbon footprint. Moving forward, we will continue to focus on creating better market awareness for this proprietary technology in our bid to move sales," Ms Xie added.

As part of its strategy, the Group remains dedicated to R&D as it views propriety technology and products as the best strategy to stay ahead of competition. Anchun is also focused on its marketing efforts to new and existing customers in 2015 for its technology and engineering expertise.

The Group's order book as at 31 December 2014 is approximately RMB181.6 million (30 September 2014: RMB170.1 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 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).*

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