



## **Anchun International Holdings Ltd.**

(Incorporated in Singapore)

(Company registration number: 200920277C)

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### **Unaudited Results for the Second Half Year and the Year Ended 31 December 2020**

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#### **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 is led by our senior management with in-depth knowledge and experiences in technology, marketing and management. Anchun has a professional and dedicated team of senior and national registered engineers with strong capabilities in research and developments. Efficient, professional, completed integrated business model and diversified services, as well as independent intellectual property rights in its innovative technologies and products have provided Anchun an unique competitive advantage in the industry whereby its technologies and products are applied to more than 300 enterprises in 31 provinces and municipalities in PRC.

Over the years, Anchun has been awarded forty-five (45) patents in PRC, four (4) patents in United States and one (1) patent in Canada and also participated in the formulation of six (6) standards for chemical industry in PRC. Our advanced technologies in engineering and environmental designs, and key equipment and catalyst technology have made us awarded two (2) second prize for Scientific and Technological Progress in PRC and more than ten (10) first prize of Scientific and Technological Progress in Provinces of PRC, 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), which have made the competitiveness and innovation of Anchun to be advanced than other companies and lead the trend for industries' technology and innovation.

**ANCHUN INTERNATIONAL HOLDINGS LTD.**  
**UNAUDITED RESULTS FOR THE SECOND HALF YEAR AND THE YEAR ENDED 31 DECEMBER 2020**

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF SECOND 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 statement 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
	Second half year ended			Full year ended		
	31/12/2020	31/12/2019		31/12/2020	31/12/2019	
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
<b>Revenue</b>	53,150	96,932	(45)	93,920	170,999	(45)
Cost of sales	(41,823)	(75,081)	(44)	(74,502)	(136,562)	(45)
<b>Gross profit</b>	11,327	21,851	(48)	19,418	34,437	(44)
<b>Other items of income</b>						
Finance and other income	3,453	4,548	(24)	6,746	7,710	(13)
Write-back of impairment losses on financial assets, net	3,958	1,122	253	–	1,102	(100)
<b>Other items of expenses</b>						
Marketing and distribution expenses	(3,726)	(3,266)	14	(5,186)	(5,346)	(3)
Administrative expenses	(11,287)	(10,780)	5	(20,323)	(19,323)	5
Research expenses	(6,193)	(2,311)	168	(8,322)	(6,981)	19
Impairment losses on of financial assets, net	–	–	0	(3,664)	–	N.M
Other operating expense	(81)	(240)	(66)	(110)	(360)	69
<b>Finance costs</b>						
- Bank charges	(4)	(1)	300	(7)	(3)	133
- Interest on Lease Liability	(1)	(4)	(75)	(3)	(4)	(25)
<b>(Loss)/Profit before tax</b>	<b>(2,554)</b>	<b>10,919</b>	<b>N.M</b>	<b>(11,451)</b>	<b>11,232</b>	<b>N.M</b>
Income taxation	64	372	(83)	64	372	(83)
<b>(Loss)/Profit for the period/year, representing total comprehensive income for the period/year attributable to owners of the Company</b>	<b>(2,490)</b>	<b>11,291</b>	<b>N.M</b>	<b>(11,387)</b>	<b>11,604</b>	<b>N.M</b>

*N.M. - not meaningful*

**ANCHUN INTERNATIONAL HOLDINGS LTD.**  
**UNAUDITED RESULTS FOR THE SECOND HALF YEAR AND THE YEAR ENDED 31 DECEMBER 2020**

- 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.

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

	Group			Group		
	Unaudited	Unaudited	Change	Unaudited	Audited	Change
	Second half year ended			Full year ended		
	31/12/2020	31/12/2019	31/12/2020	31/12/2019		
RMB'000	RMB'000	%	RMB'000	RMB'000	%	
Depreciation of property, plant and equipment and investment property	4,417	5,234	(16)	9,163	10,690	(14)
Depreciation of right-of-use asset	245	271	(10)	492	453	9
Amortisation of intangible assets	82	52	58	140	92	52
(Write-back of)/Impairment losses on financial assets, net	(3,958)	(1,122)	253	3,664	(1,102)	N.M
Allowance/(write back of) for inventory obsolescence	3,841	(391)	N.M	3,841	(391)	N.M
Gain on disposal of property, plant and equipment	(3)	(23)	(87)	(235)	(78)	201
Write-off of property, plant and equipment	182	185	(2)	210	213	(1)
Net foreign exchange gain	(118)	(26)	354	(227)	(11)	N.M
Allowance for provision on onerous contracts, net	78	81	(3)	37	22	68
Finance income	(957)	(1,703)	(44)	(1,726)	(2,796)	(38)
Finance costs	5	5	0	10	7	43
Performance share plan expenses	28	29	(3)	57	57	0

*N.M. - not meaningful*

**ANCHUN INTERNATIONAL HOLDINGS LTD.**  
**UNAUDITED RESULTS FOR THE SECOND HALF YEAR AND THE YEAR ENDED 31 DECEMBER 2020**

**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 31/12/2020 RMB'000	Audited 31/12/2019 RMB'000	Unaudited 31/12/2020 RMB'000	Audited 31/12/2019 RMB'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	57,892	64,709	–	–
Intangible assets	896	205	–	–
Investment in a subsidiary	–	–	75,596	75,539
Investment property	1,710	1,931	–	–
Right of use asset	12,655	13,156	42	177
Prepayments	1,147	1	–	–
Deferred tax asset	906	842	–	–
	<b>75,206</b>	<b>80,844</b>	<b>75,638</b>	<b>75,716</b>
<b>Current assets</b>				
Inventories	27,929	26,348	–	–
Trade and other receivables	41,872	57,409	47,257	47,257
Contract assets	87,629	102,546	–	–
Prepayments	2,552	3,110	54	56
Cash and bank balances	112,368	107,592	5,111	14,523
	<b>272,350</b>	<b>297,005</b>	<b>52,422</b>	<b>61,836</b>
<b>Total assets</b>	<b>347,556</b>	<b>377,849</b>	<b>128,060</b>	<b>137,552</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	28,849	40,211	12,228	11,932
Contract liabilities	20,091	17,625	–	–
Other liabilities	15,740	19,188	932	786
Lease liability	43	134	43	134
Provisions	38	62	–	–
Income tax payable	6,196	6,196	–	–
	<b>70,957</b>	<b>83,416</b>	<b>13,203</b>	<b>12,852</b>
<b>Net current assets</b>	<b>201,393</b>	<b>213,589</b>	<b>39,219</b>	<b>48,984</b>
<b>Non-current liability</b>				
Lease liability	–	45	–	45
	<b>–</b>	<b>45</b>	<b>–</b>	<b>45</b>
<b>Total liabilities</b>	<b>70,957</b>	<b>83,461</b>	<b>13,203</b>	<b>12,897</b>
<b>Net assets</b>	<b>276,599</b>	<b>294,388</b>	<b>114,857</b>	<b>124,655</b>
<b>Equity attributable to owners of the Company</b>				
Share capital	149,278	149,278	149,278	149,278
Employee benefit trust shares	(23)	(66)	(23)	(66)
Treasury shares	(2,998)	(2,354)	(2,998)	(2,354)
Other reserves	123,202	123,384	180	142
Accumulated profits/(losses)	7,140	24,146	(31,580)	(22,345)
<b>Total equity</b>	<b>276,599</b>	<b>294,388</b>	<b>114,857</b>	<b>124,655</b>
<b>Total equity and liabilities</b>	<b>347,556</b>	<b>377,849</b>	<b>128,060</b>	<b>137,552</b>

**ANCHUN INTERNATIONAL HOLDINGS LTD.**  
**UNAUDITED RESULTS FOR THE SECOND HALF YEAR AND THE YEAR ENDED 31 DECEMBER 2020**

**1(b)(ii) Aggregate amount of Group's borrowings and debt securities.**

The Group has no outstanding borrowings and debt securities as at 31 December 2020 (30 June 2020: nil).

**1(c) A statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Group		Group	
	Unaudited Second half year ended 31/12/2020	Unaudited 31/12/2019	Unaudited Full year ended 31/12/2020	Audited 31/12/2019
Note	RMB'000	RMB'000	RMB'000	RMB'000
<b>Operating activities</b>				
(Loss)/Profit before tax	(2,554)	10,919	(11,451)	11,232
<u>Adjustments for:</u>				
Depreciation of property, plant and equipment and investment property	4,417	5,234	9,163	10,690
Depreciation of right-of-use asset	245	271	492	453
Amortisation of intangible assets	82	52	140	92
Gain on disposal of property, plant and equipment	(3)	(23)	(235)	(78)
(Write-back of)/ impairment losses on financial assets, net	(3,958)	(1,122)	3,664	(1,102)
Write-off of property, plant and equipment	182	185	210	213
Allowance for provision on onerous contracts, net	78	81	37	22
Allowance for inventory obsolescence	3,841	(391)	3,841	(391)
Performance share plan expense	28	29	57	57
Net foreign exchange gain	(118)	(26)	(227)	(11)
Finance costs	5	5	10	7
Finance income	(957)	(1,703)	(1,726)	(2,796)
<b>Operating cash flows before changes in working capital</b>	<b>1,288</b>	<b>13,511</b>	<b>3,975</b>	<b>18,388</b>
<u>Changes in working capital</u>				
Decrease/(increase) in:				
Inventories	(426)	15,670	(5,422)	2,715
Trade and other receivables	11,952	(6,067)	11,873	(5,608)
Contract assets	(42)	(36,900)	14,917	(39,690)
Prepayments	1,586	13,520	707	13,070
(Decrease)/increase in:				
Trade and other payables	(2,279)	1,037	(11,704)	9,295
Contract liabilities	(9,175)	(11,099)	2,466	(27,184)
Other liabilities and provision	3,681	1,730	(3,509)	2,638
Total changes in working capital	5,297	(22,109)	9,328	(44,764)
<b>Cash flows generated from/(used in) operations</b>	<b>6,585</b>	<b>(8,598)</b>	<b>13,303</b>	<b>(26,376)</b>
Interest received	957	1,703	1,726	2,796
Interest paid	(5)	(5)	(10)	(7)
Income tax refunded	(1)	(306)	(1)	(306)
<b>Net cash generated from/(used in) operating activities</b>	<b>7,536</b>	<b>(7,206)</b>	<b>15,018</b>	<b>(23,893)</b>

**ANCHUN INTERNATIONAL HOLDINGS LTD.**  
**UNAUDITED RESULTS FOR THE SECOND HALF YEAR AND THE YEAR ENDED 31 DECEMBER 2020**

**1(c) A statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year. (cont'd)**

	Group		Group	
	Unaudited Second half year ended 31/12/2020	Unaudited 31/12/2019	Unaudited Full year ended 31/12/2020	Audited 31/12/2019
Note	RMB'000	RMB'000	RMB'000	RMB'000
<b>Investing activities</b>				
Proceed from disposal of property, plant and equipment	3	78	235	224
Purchase of Intangible assets - software	(831)	(112)	(831)	(112)
Purchase of property, plant and equipment	<b>A</b> (2,442)	(419)	(3,288)	(1,254)
Withdrawal of investments	–	60,000	–	20,000
Withdrawal/(Placement) of fixed deposit	20,000	–	(20,000)	–
<b>Net cash generated/(used in) from investing activities</b>	<b>16,730</b>	<b>59,547</b>	<b>(23,884)</b>	<b>18,858</b>
<b>Financing activities</b>				
Purchase of treasury shares	(644)	(1,816)	(644)	(1,816)
Dividends paid	(5,838)	–	(5,838)	–
Payment of principal portion of lease liabilities	(62)	(86)	(127)	(86)
<b>Net cash used in financing activities</b>	<b>(6,544)</b>	<b>(1,902)</b>	<b>(6,609)</b>	<b>(1,902)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>17,722</b>	<b>50,380</b>	<b>(15,475)</b>	<b>(6,937)</b>
<b>Cash and cash equivalents at beginning of period/year</b>	<b>74,504</b>	<b>57,186</b>	<b>107,592</b>	<b>114,518</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>142</b>	<b>26</b>	<b>251</b>	<b>11</b>
<b>Cash and cash equivalents at end of period/year</b>	<b>92,368</b>	<b>107,592</b>	<b>92,368</b>	<b>107,592</b>

**Note A:**

**Purchase of property, plant and equipment**

	Group		Group	
	Unaudited Second half year ended 31/12/2020	Unaudited 31/12/2019	Unaudited Full year ended 31/12/2020	Audited 31/12/2019
	RMB'000	RMB'000	RMB'000	RMB'000
Current period/year additions to property, plant and equipment	2,019	460	2,335	1,220
Less: Payable to creditors for current period/year purchases	(2,090)	(20)	(2,126)	(120)
Prepayment made in prior period/year	(656)	(21)	(656)	(23)
Add: Payments for prior period/year purchase	1,726	–	1,784	177
Prepayments made in current period/year	1,443	–	1,951	–
<b>Net cash outflow for purchase of property, plant and equipment</b>	<b>2,442</b>	<b>419</b>	<b>3,288</b>	<b>1,254</b>

**ANCHUN INTERNATIONAL HOLDINGS LTD.**  
**UNAUDITED RESULTS FOR THE SECOND HALF YEAR AND THE YEAR ENDED 31 DECEMBER 2020**

**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	Employee benefit trust shares	Performance share plan reserve	Gain on reissuance of EBT shares	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	RMB'000	RMB'000	RMB'000
<b>Group Audited</b>											
Balance at 1 January 2019	149,278	(66)	21	64	(538)	1,725	39,230	5,941	75,000	13,941	284,596
Profit for the year, representing total comprehensive income	—	—	—	—	—	—	—	—	—	11,604	11,604
Grant of equity-settled performance shares to employees	—	—	57	—	—	—	—	—	—	—	57
Purchase of treasury share	—	—	—	—	(1,816)	—	—	—	—	—	(1,816)
<u>Others</u>											
Utilisation of statutory reserve	—	—	—	—	—	—	—	(231)	—	231	—
Transfer to Statutory Reserve Fund	—	—	—	—	—	—	1,577	—	—	(1,577)	—
Transfer to Staff Welfare Payable	—	—	—	—	—	—	—	—	—	(53)	(53)
<b>Balance at 31 December 2019</b>	<b>149,278</b>	<b>(66)</b>	<b>78</b>	<b>64</b>	<b>(2,354)</b>	<b>1,725</b>	<b>40,807</b>	<b>5,710</b>	<b>75,000</b>	<b>24,146</b>	<b>294,388</b>
<b>Group Unaudited</b>											
Balance at 1 January 2020	149,278	(66)	78	64	(2,354)	1,725	40,807	5,710	75,000	24,146	294,388
Loss for the year, representing total comprehensive income	—	—	—	—	—	—	—	—	—	(11,387)	(11,387)
Grant of equity-settled performance shares to employees	—	—	57	—	—	—	—	—	—	—	57
EBT shares reissued pursuant to vesting of performance share plan	—	43	(26)	7	—	—	—	—	—	—	24
Purchase of treasury share	—	—	—	—	(644)	—	—	—	—	—	(644)
<u>Others</u>											
Utilisation of statutory reserve	—	—	—	—	—	—	36	—	—	(36)	—
Transfer to Statutory Reserve Fund	—	—	—	—	—	—	—	(256)	—	256	—
Transfer to Staff Welfare Payable	—	—	—	—	—	—	—	—	—	(1)	(1)
Dividend paid	—	—	—	—	—	—	—	—	—	(5,838)	(5,838)
<b>Balance at 31 December 2020</b>	<b>149,278</b>	<b>(23)</b>	<b>109</b>	<b>71</b>	<b>(2,998)</b>	<b>1,725</b>	<b>40,843</b>	<b>5,454</b>	<b>75,000</b>	<b>7,140</b>	<b>276,599</b>

**ANCHUN INTERNATIONAL HOLDINGS LTD.**  
**UNAUDITED RESULTS FOR THE SECOND HALF YEAR AND THE YEAR ENDED 31 DECEMBER 2020**

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						Total equity
	Share Capital	Employee benefit trust shares	Performance share plan reserve	Gain on reissuance of EBT shares	Treasury shares	Accumulated losses	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
<b>Company Audited</b>							
Balance at 1 January 2019	149,278	(66)	21	64	(538)	(30,704)	118,055
Profit for the year, representing total comprehensive income for the year	–	–	–	–	–	8,359	8,359
<u>Contributions by and distribution to owners</u>							
Grant of equity-settled performance shares to employees	–	–	57	–	–	–	57
Purchase of treasury share	–	–	–	–	(1,816)	–	(1,816)
<b>Balance at 31 December 2019</b>	<b>149,278</b>	<b>(66)</b>	<b>78</b>	<b>64</b>	<b>(2,354)</b>	<b>(22,345)</b>	<b>124,655</b>
<b>Company Unaudited</b>							
Balance at 1 January 2020	149,278	(66)	78	64	(2,354)	(22,345)	124,655
Loss for the year, representing total comprehensive income for the year	–	–	–	–	–	(3,397)	(3,397)
<u>Contributions by and distribution to owners</u>							
Grant of equity-settled performance shares to employees	–	–	57	–	–	–	57
EBT shares reissued pursuant to vesting of performance share plan	–	43	(26)	7	–	–	24
Purchase of treasury share	–	–	–	–	(644)	–	(644)
Dividend paid	–	–	–	–	–	(5,838)	(5,838)
<b>Balance at 31 December 2020</b>	<b>149,278</b>	<b>(23)</b>	<b>109</b>	<b>71</b>	<b>(2,998)</b>	<b>(31,580)</b>	<b>114,857</b>



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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 employee benefit trust ("EBT") shares & treasury shares as at 31 December 2020 and 31 December 2019	50,500,000	149,278

Convertibles

The Company did not have outstanding options, convertibles or subsidiary holdings as at 31 December 2020 and 31 December 2019.

EBT shares

The Company had 9,000 EBT shares, approximately 0.018% of the total number of issued shares, as at 31 December 2020. (31 December 2019: 26,000).

All the EBT shares have been allocated as at 31 December 2020 and 31 December 2019.

Treasury shares

The Company had 2,309,100 treasury shares (approximately 4.57% of the total number of issued shares) as at 31 December 2020 (31 December 2019: 1,809,100).

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.

The movement of treasury shares as at 31 December 2020 is as follow:

	As at 31/12/2020	As at 31/12/2019
Number of ordinary shares issued and fully paid	50,500,000	50,500,000
Treasury shares	(2,309,100)	(1,809,100)
EBT shares	(1) (9,000)	(1) (26,000)
Total number of ordinary shares issued and fully paid (excluding Treasury shares and EBT shares)	48,181,900	48,664,900

**Notes:**

- (1) The Company granted a total of 26,000 EBT shares (comprising 17,000 EBT shares and 9,000 EBT shares) to eligible employees of the Group on 29 December 2017 and 13 September 2018, respectively. During the year. The employee of the Group became beneficially interested in an aggregate of 17,000 EBT shares after fulfilling the three years' service condition of the awards granted to the employee in FY2017.

**1(d)(iv) A statement showing all sales, transfer, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable. There were no sales, transfer, disposal, cancellation and/or use of treasury shares as at end of the current financial period reported on.

**1(d)(v) A statement showing all sales, transfer, disposal, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable. There were no sales, transfers, disposal, cancellation and/or use of subsidiary holdings as at the end of the current period reported on.

**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.

**3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion: -**

- a) Updates on the efforts taken to resolve each outstanding audit issue.
- b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

**This is not required for any audit issue that is a material uncertainty to going concern.**

Not applicable. The latest financial statements of the Group are not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

**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 period beginning on or after 1 January 2020, 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 the periods beginning on or after 1 January 2020. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

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- 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.**

	<b>Group</b>			
	<b>Second half year ended</b>		<b>Full year ended</b>	
	<b>31/12/2020</b>	<b>31/12/2019</b>	<b>31/12/2020</b>	<b>31/12/2019</b>
Profit net of tax attributable to owners of the Company (RMB '000)	(2,490)	11,291	(11,387)	11,604
Weighted average number of ordinary shares (excluding EBT shares) ('000) in issue	48,496	49,732	48,580	49,894
Weighted average number of ordinary shares (including EBT shares) ('000) in issue	48,665	49,918	48,749	50,080
Basic earnings per share (RMB cents)	(5.13)	22.70	(23.44)	23.26
Diluted earnings per share (RMB cents)	(5.13)	22.62	(23.44)	23.17

Basic (loss)/earnings per share for the second half year ended 31 December 2020 and 31 December 2019 and full year ended 31 December 2020 and 31 December 2019 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 EBT shares.

Diluted earnings per share for the second half year ended 31 December 2019 and full year ended 31 December 2019 are computed by dividing the profit net of tax attributable to owners of the Company by the weighted average number of ordinary shares including EBT shares. The EBT shares have a dilutive effect on earnings per share.

Diluted loss per share for the second half year ended 31 December 2020 and full year ended 31 December 2020 are the same as the basic loss per share as the Company does not have any dilutive potential ordinary shares for the second half year ended 31 December 2020 and full year ended 31 December 2020.

- 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.**

	<b>Group</b>		<b>Company</b>	
	<b>31/12/2020</b>	<b>31/12/2019</b>	<b>31/12/2020</b>	<b>31/12/2019</b>
Net asset value per share (RMB per share)	5.74	6.05	2.38	2.56

Net asset value per ordinary share as at 31 December 2020 and as at 31 December 2019 were calculated based on the existing number of shares in issue excluding EBT shares and treasury shares of 48,181,900 and 48,664,900 ordinary shares as at 31 December 2020 and 31 December 2019 respectively.

- 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**

FY2020 VS FY2019

Revenue decreased by RMB77.1 million or 45% from RMB171 million in FY2019 to RMB93.9 million in FY2020. The decrease was mainly due to the decrease of revenue from CSC business and Catalyst business, partially offset by the increase of revenue from Engineering services, further described as follows:

Revenue from Catalyst Business

Revenue from Catalyst business decreased by RMB5.8 million or 35% from RMB16.7 million in FY2019 to RMB10.9 million in FY2020 mainly due to the decrease in revenue from catalyst processing business resulted from the outbreak of the 2019 Novel Coronavirus pandemic ("Covid-19").

Revenue from Engineering Services

Revenue from Engineering services increased by RMB0.4 million or 7% from RMB6.0 million in FY2019 to RMB6.4 million in FY2020. This was mainly due to higher percentage of completion for service contracts in FY2020.

Revenue from CSC Business

Revenue from CSC business decreased by RMB71.7 million or 48% from RMB148.3 million in FY2019 to RMB76.6 million in FY2020 due to lower percentage of completion for service contracts in FY2020 due to the ongoing Covid-19 pandemic continues to disrupt the normal operations of the global economy including our industry.

2H2020 vs 2H2019

The Group's revenue decreased by RMB43.8 million or 45% from RMB96.9 million in 2H2019 to RMB53.1 million in 2H2020. This was mainly due to less contracts in progress and less percentage of completion for CSC business of RMB43.1 million and Catalyst business of RMB1.2 million partially offset by the increase of revenue from Engineering services of RMB0.5 million.

**Gross profit and gross profit margin**

FY2020 VS FY2019

Overall gross profit decreased by RMB15 million or 44% from RMB34.4 million in FY2019 to RMB19.4 million in FY2020 and our gross profit margin increased slightly from 20% in FY2019 to 21% in FY2020.

The decrease in the overall gross profit was mainly due to the following:

- 1) The gross profit of Catalyst business decreased by RMB2.4 million from RMB 7.1 million in FY2019 to RMB4.7 million in FY2020 mainly due to decrease of revenue from catalyst processing business. The gross profit margin increased by 0.7% from 42.3% in FY2019 to 43% in FY2020, mainly attributable to increase in the proportion of hydrocarbon catalysts sold which contributed higher gross margin in FY2020.
- 2) Gross profit of CSC business decreased by RMB13.8 million from RMB25.1 million in FY2019 to RMB11.3 million in FY2020 mainly attributable to lower percentage of completion for CSC contracts and thus lower revenue recognised due to the impacts of Covid-19 explained above. In addition, the increase in allowance for inventory obsolescence amounting to RMB3.8 million also contributed to the overall decrease of RMB13.8 million. The gross profit margin decreased by 2% from 17% in FY2019 to 15% in FY2020 mainly attributable to the inventory obsolescence allowance.

**A) Income Statements (cont'd)**

**Gross profit and gross profit margin (cont'd)**

- 3) The gross profit of engineering design increased by RMB1.2 million from RMB2.2 million in FY2019 to RMB3.4 million in FY2020. The gross profit margin increased by 16% from 37% in FY2019 to 53% in FY2020 mainly attributable to increase of revenue from EPC Services which contributed higher gross margin.

**2H2020 vs 2H2019**

Overall gross profit decreased by RMB10.6 million or 48% from RMB21.9 million in 2H2019 to RMB11.3 million in 2H2020 and our gross profit margin increased from 23% in 2H2019 to 29% in 2H2020.

The fluctuations in the overall gross profit were mainly due to the following:

- 1) Gross profit of Catalyst business decreased by RMB0.4 million from RMB4.1 million in 2H2019 to RMB3.7 million in 2H2020 mainly attributable to decrease of revenue from catalyst processing business in 2H2020. The gross profit margin increased from 45% in 2H2019 to 46% in 2H2020 mainly attributable to increase in the proportion of hydrocarbon catalysts sold which contributed higher gross margin in 2H2020.
- 2) Gross profit of CSC business decreased by RMB10.9 million from RMB16.2 million in 2H2019 to RMB5.3 million in 2H2020 mainly attributable to lower percentage of completion for CSC contracts and thus lower revenue recognised due to the impacts of Covid-19 explained above. The gross profit margin decreased by 6% from 19% in 2H2019 to 13% in 2H2020 mainly attributable to the inventory obsolescence allowance.
- 3) Gross profit of engineering design increased by RMB0.7 million from RMB1.6 million in 2H2019 to RMB2.3 million in 2H2020. The gross profit margin increased by 11% from 42% in 2H2019 to 53% in 2H2020 mainly attributable to increase of revenue from EPC services which contributed higher gross margin.

**Finance and other income**

**FY2020 VS FY2019**

Finance and other income decreased by RMB1.0 million or 13% from RMB7.7 million in FY2019 to RMB6.7 million in FY2020. The decrease was mainly due to the decrease of government grants of RMB0.4 million, financial interest income of RMB1 million, net foreign exchange loss of RMB0.3 million, sales of accessories of RMB0.2 million and property rental income by RMB0.3 million offset by the increase in sales of scrap metal of RMB1.2 million.

**2H2020 vs 2H2019**

Finance and other income decreased by RMB1.1 million or 24% from RMB4.5 million in 2H2019 to RMB3.4 million in 2H2020. The decrease was mainly due to the decrease of government grants of RMB0.2 million, financial interest income of RMB0.7 million, net foreign exchange loss of RMB0.2 million, sales of accessories of RMB0.4 million and property rental income by RMB0.1 million offset by the increase in sales of scrap metal of RMB0.5 million.

**Marketing and distribution expenses**

**FY2020 VS FY2019**

Marketing and distribution expenses decreased by RMB0.16 million or 3% from RMB5.35 million in FY2019 to RMB5.19 million in 12M2019. The decrease was mainly attributable to decrease of travelling expenses of RMB0.19 million resulted from Covid-19 travel restrictions imposed.

**2H2020 vs 2H2019**

Marketing and distribution expenses increased by RMB0.46 million or 14% from RMB3.27 million in 2H2019 to RMB3.73 million in 2H2020. The increase was mainly attributable to increase of after-sales maintenance of RMB0.28 million and increase of sales staff's salary of RMB0.14 due to more sales staff headcount in 2H2020 over 2H2019.

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**A) Income Statements (cont'd)**

**Administrative expenses**

FY2020 VS FY2019

Administrative expenses increased by RMB1 million or 5% from RMB19.3 million in FY2019 to RMB20.3 million in FY2020 as explained below:

Item by nature	FY2020	FY2019	FY2020 vs. FY2019 (Change)		Comments
	RMB'000	RMB'000	RMB'000	%	
Unallocated manufacturing overheads allocated in administrative expenses	4,329	1,903	2,426	127	The increase is due to lower production volumes cause by temporary closure of the Group's production plant over the Lunar New Year period and those of suppliers and customers' requests for delay in delivery due to the Covid 19 resulting in higher unallocated manufacturing overhead recorded under administrative expenses in FY2020 over FY2019.
Old-age insurance	53	545	(492)	(90)	Decrease due to the subsidiary being exempted from paying the old-age insurance from February 2020 to December 2020 due to Covid-19.
Depreciation and amortisation expense	1,808	2,224	(416)	(19)	Decrease due to fully depreciated property, plant and equipment and disposals and fully depreciated investment property in FY2020.
Directors' fee	1,510	1,615	(105)	(7)	Due to decrease in the number of independent directors in FY2020 over FY2019.
Recruiting fees	35	193	(158)	(82)	Decrease due to lesser recruitment activities for engineering design staff.
Staff welfare expenses	1,239	1,400	(161)	(12)	Decrease due to lesser employee lunches provided by Company for temporary closure of the Group's production plant during Lunar New Year period due to Covid-19 in FY2020.
Factory repair and maintenance	369	169	200	118	Increase of repair and maintenance cost incurred for factory.
Travelling expenses	108	238	(130)	(55)	Decrease due to lesser travel activities in FY2020 over FY2019 due to Covid-19.
Other expenses	10,872	11,036	(164)	(1)	Other expenses are an aggregation of expenses of less than RMB0.1 million each. It includes meeting expenses, entertainment expenses, etc.
<b>Total</b>	<b>20,323</b>	<b>19,323</b>	<b>1,000</b>	<b>5</b>	

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**A) Income Statements (cont'd)**

**Administrative expenses (cont'd)**

2H2020 vs 2H2019

Administrative expenses increased by RMB0.5 million or 5% from RMB10.8million in 2H2019 to RMB11.3 million in 2H2020 as explained below:

Item by nature	2H2020	2H2019	2H2020vs.2H2019 (Change)		Comments
	RMB'000	RMB'000	RMB'000	%	
Unallocated manufacturing overheads allocated in administrative expenses	2,214	1,196	1,018	85	The increase is due to lower production volumes cause by temporary closure of the Group's production plant over the Lunar New Year period and those of suppliers and customers' requests for delay in delivery due to the Covid 19 resulting in higher unallocated manufacturing overhead recorded under administrative expenses in 2H2020 over 2H2019.
Factory repair and maintenance	351	107	244	228	Increase of repair and maintenance cost incurred for factory.
Depreciation and amortisation expense	760	1,092	(332)	(30)	Decrease due to fully depreciated property, plant and equipment and disposals and fully depreciated investment property in 2H2020.
Salaries, bonuses and fees	3,579	3,930	(351)	(9)	Include salaries of executive directors and heads of department deployed in administrative functions. Decrease due to less provision for bonuses in 2H2020.
Old-age insurance	4	275	(271)	(99)	Decrease due to the subsidiary being exempted from paying the old-age insurance from February 2020 to December 2020 due to Covid-19.
Other expenses	4,379	4,180	199	5	Other expenses are an aggregation of expenses of less than RMB0.1 million each. It includes maintenance expenses, membership fees, etc.
<b>Total</b>	<b>11,287</b>	<b>10,780</b>	<b>507</b>	<b>5</b>	

**A) Income Statements (cont'd)**

**Research expenses**

FY2020 VS FY2019

Research expenses increased by RMB1.3 million or 19% from RMB7.0 million in FY2019 to RMB8.3 million in FY2020. This was mainly attributable to higher expenses incurred for first level shift reactor improvement efforts.

2H2020 vs 2H2019

Research expenses increased by RMB3.88 million or 168% from RMB2.31 million in 2H2019 to RMB6.19 million in 2H2020. This was mainly attributable to higher expenses incurred for first level shift reactor improvement efforts.

**Income tax expenses**

FY2020 VS FY2019

Tax credit income decreased by RMB0.3 million from RMB0.4 million in FY2019 to RMB0.1 million in FY2020 was mainly due to lesser deferred tax asset recognized on unused tax losses arising from a subsidiary in FY2020.

2H2020 vs 2H2019

Tax credit income decreased by RMB0.3 million from RMB0.4 million in FY2019 to RMB0.1 million in 2H2020 was mainly due to lesser deferred tax asset recognized on unused tax losses arising from a subsidiary in 2H2020.

**Net loss attributable to owners of the Company**

FY2020 VS FY2019

The net loss attributable to owners of the Company increased by RMB23 million from a net profit of RMB11.6 million in FY2019 to net loss of RMB11.4 million in FY2020 as explained above.

2H2020 vs 2H2019

The net loss attributable to owners of the Company increased by RMB13.8 million from a net profit of RMB11.3 million in FY2019 to net loss of RMB 2.5million in FY2020 as explained above.

**B) Balance Sheet Statements**

**Non-current assets**

Non-current assets decreased by RMB5.6 million or 7% from RMB80.8 million as at 31 December 2019 to RMB75.2 million as at 31 December 2020. Non-current assets comprised of property, plant and equipment, investment property, intangible assets, land use rights, deferred tax assets, right of use asset and prepayments.

Property, plant and equipment decreased by RMB6.8 million or 11% from RMB64.7 million as at 31 December 2019 to RMB57.9 million as at 31 December 2020, which is mainly due to depreciation charged in FY2020. This is offset by increase in prepayment of RMB1.2 million which is mainly due to more payment was made to the vendors for purchasing property, plant and equipment in FY2020.

**Current assets**

Current assets decreased by RMB24.6 million or 8% from RMB297 million as at 31 December 2019 to RMB272.4 million as at 31 December 2020. The decrease was mainly due to the following:

- a) The decrease in trade and other receivables of RMB15.5 million due to settlements with our customers and settlements of outstanding bills receivable.



**B) Balance Sheet Statements(cont'd)**

**Current assets(cont'd)**

- b) The decrease in contract assets of RMB14.9 million is due to amounts being transferred to receivables when contractual payment milestones were reached;
- c) The decrease in prepayments of RMB0.6million was mainly due to less payment was made to the vendors for purchasing raw materials.
- d) The increase in inventories of RMB1.6 million was mainly due to raw materials purchased for CSC business contract orders;
- e) The increase in cash and bank balances of RMB4.8 million was due to increase of cash flow from operating activities of RMB15 million offset by paid dividends of RMB5.8 million, purchase of property, plant and equipment of RMB3.8 million and purchase of treasury shares of RMB0.6 million.

The breakdown and aging of items of trade and other receivables are as follows:

Item by nature	31/12/2020 RMB'000	< 6 months RMB'000	6-12 months RMB'000	1-2years RMB'000	>2years RMB'000
<b>Trade Receivables</b>					
Receivables from sales	50,262	14,193	2,701	14,228	19,140
Less: Impairment losses on trade receivables, net	(29,278)	(2,793)	(532)	(7,557)	(18,396)
<b>Sub-total</b>	<b>20,984</b>	<b>11,400</b>	<b>2,169</b>	<b>6,671</b>	<b>744</b>
<b>Other Receivables</b>					
A. Bill receivables	19,117	16,378	2,739		
B. Operation cash advances	230	230	–	–	–
C. Bid bonds	1,505	1,505	–	–	–
D. Rental deposit	29	–	–	29	–
E. GST receivables	7	7	–	–	–
<b>Total</b>	<b>41,872</b>	<b>29,520</b>	<b>4,908</b>	<b>6,700</b>	<b>744</b>

**B) Balance Sheet Statements (cont'd)**

**Current liabilities**

Current liabilities decreased by RMB12.5 million or 15% from RMB83.4 million as at 31 December 2019 to RMB70.9 million as at 31 December 2020.

- a) The decrease in trade and other payables of RMB11.4 million was mainly due to settlements with our suppliers and taxation administration.
- b) The decrease in other liabilities of RMB3.5 million were mainly due to settlements with our transportation companies.
- c) The increase in contract liabilities of RMB2.4 million was due to more progressive amounts received from customers according to the contracted payment terms before revenue can be recognised according to the Group's revenue recognition policy.

**C) Cash Flow Statements**

FY2020

Cash and cash equivalents decreased by RMB15.5 million in FY2020, which was mainly attributed to cash generated from operating activities of RMB15.0 million, net cash used in investing activities of RMB23.9 million and cash used in financing activities of RMB6.6 million.

2H2020

Cash and cash equivalents increased by RMB17.7 million in 2H2020, which was mainly attributed to cash generated from operating activities of RMB7.5 million, net cash generated from investing activities of RMB16.7 million and cash used in financing activities of RMB6.5 million.

**9) Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

The Company has not previously disclosed to shareholders any forecast or prospect statement.

**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.**

The products and services the Group provides are mostly related to capital intensive engineering projects in China. The macro-economic environment in China, particularly government policies in relation to the issue of credit and provision of utility subsidies to the industry, have a large impact on the Group's customers buying and investing decisions.

In addition, the current Covid-19 pandemic has raised global concerns on food security. The Group's ammonia and fertilizer industry customers are essential for global food supply, therefore the Group is optimistic on the business outlook on this market segment. However, the disruptive impact on the global demand has negatively affected the methanol price and other basic oil-and-gas chemicals.

The Group has continued its efforts to diversify into non-fertiliser industries, which has resulted in revenue of RMB61.2 million for the FY2020 representing 65% (RMB66.8 million for the FY2019 representing 39%) of total revenue. The Group will continue to remain vigilant over its costs structure and continue its research

The Group remains cautiously optimistic regarding market opportunities, while making efforts to manage operations and develop business under the uncertainties in supply chain and project progression disruptions caused by Covid-19 and the overall economic environment. The Group's order book as of 31 December 2020 was approximately RMB118.6 million (30 June 2020: RMB109.0 million) out of which of RMB90.7 million (30 June 2020: RMB 84.1 million) is from non-fertiliser industries. We are cautiously optimistic that we will be able to make further inroads in this direction. The Group will update its business outlook accordingly when market demand and supply chain situation improve as more Covid-19 vaccines restore normalcy to the world.

**11) Dividend**

**(a) Current financial period reported on**

The Company does not recommend any dividend for the financial year ended 31 December 2020.

**(b) Corresponding period of the immediately preceding financial year**

The final dividend declared for the current financial year FY 2019 is as follows:

Name of dividend	FY 2019 Final Dividend (proposed)
Dividend type	Cash
Dividend rate	CNY0.12 per share
Tax rate	Tax-exempt (one-tier)
Date payable	17 Jul 2020
Books closure date	25 Jun 2020

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**11) Dividend(cont'd)**

**(c) Date payable**

Not applicable

**(d) Books closure date**

Not applicable

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

Based on the Group and Company's financial performance for the full year ended 31 December 2020 and due to the uncertainty and challenging global economic crisis following the outbreak of Covid-19 pandemic, no dividend has been declared or recommended for the reporting period.

**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.

**14) Update on usage of IPO proceeds**

As at 31 December 2020, the net proceeds from the Company's initial public offering have been utilized as follows:

<b>Usage of IPO Proceeds</b>	<b>Amount allocated</b>	<b>Amount utilized</b>	<b>Balance</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
<b>(A) Expand our production facilities and capacities</b>	84,238	21,237	63,001
<b>(B) Enhance our R&amp;D capabilities and widen our range of innovative and cost-effective solutions</b>	15,479	15,479	-
<b>(C) Working capital purposes</b>	33,772	26,000	7,772
<b>Total</b>	<b>133,489</b>	<b>62,716</b>	<b>70,773</b>

The amount of RMB15.5 million utilized for R&D capabilities, innovative and cost-effective solutions are mainly attributable to works on a sulfur removal reactor, a new type of isothermal methanol reactor and shift catalyst production research.

The breakdown of working capital utilization is as follows:

<b>Usage of IPO proceeds for working capital</b>	<b>Amount Utilized (RMB'000)</b>
<b>For CO shift catalyst unit and technology implementations</b>	(15,868)
<b>For expanding sales and marketing capabilities and initiatives</b>	(6,206)
<b>For developing of Engineering Procurement Constructions (EPC) business</b>	(3,926)
<b>Total</b>	<b>(26,000)</b>

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- 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.**

	<b>Engineering Services RMB'000</b>	<b>CSC Business RMB'000</b>	<b>Catalyst Business RMB'000</b>	<b>Total RMB'000</b>
<b>31 December 2019</b>				
<b>Revenue</b>				
External customers	6,020	148,272	16,707	170,999
<b>Total revenue</b>	<b>6,020</b>	<b>148,272</b>	<b>16,707</b>	<b>170,999</b>
<b>Results</b>				
Segment gross profit	2,234	25,138	7,065	34,437
Finance income				2,796
Other income				4,914
Write-back of impairment losses on financial assets, net				1,102
Marketing and distribution expense				(5,346)
Administrative expense				(19,323)
Research expense				(6,981)
Other expenses				(360)
Finance cost				(7)
<b>Profit before tax</b>				<b>11,232</b>
Depreciation and amortization				11,235
<b>Other material non-cash items</b>				
Write-back of impairment losses on financial assets, net				1,102
Allowance for provision on onerous contracts, net				22
Gain on disposal of property, plant and equipment				78
Write-off of property, plant and equipment				(213)
Write-back of inventories obsolesces				391

**ANCHUN INTERNATIONAL HOLDINGS LTD.**  
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- 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. (cont'd)**

	<b>Engineering Services RMB'000</b>	<b>CSC Business RMB'000</b>	<b>Catalyst Business RMB'000</b>	<b>Total RMB'000</b>
<b>31 December 2020</b>				
<b>Revenue</b>				
External customers	6,417	76,558	10,945	93,920
<b>Total revenue</b>	<b>6,417</b>	<b>76,558</b>	<b>10,945</b>	<b>93,920</b>
<b>Results</b>				
Segment gross profit	3,374	11,336	4,708	19,418
Finance income				1,726
Other income				5,020
Impairment losses on financial assets, net				(3,664)
Marketing and distribution expense				(5,186)
Administrative expense				(20,323)
Research expense				(8,322)
Other expenses				(110)
Finance cost				(10)
<b>Loss before tax</b>				<b>(11,451)</b>
Depreciation and amortization				9,795
<b>Other material non-cash items</b>				
Impairment losses on financial assets, net				3,664
Allowance for provision on onerous contracts, net				37
Allowance for inventory obsolescence				3,841
Gain on disposal of property, plant and equipment				235
Write-off of property, plant and equipment				(210)

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- 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**

	<b>Group</b>		
	<b>FY2020</b>	<b>FY2019</b>	<b>Increase/ (Decrease)</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>%</b>
(a) Sales reported for the first half of the year	40,770	74,067	(45)
(b) Operating (loss)/profit after tax for the first half year	(8,897)	313	N.M
(c) Sales reported for the second half of the year	53,150	96,932	(45)
(d) Operating (loss)/profit after tax for the second half year	(2,490)	11,291	N.M

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

See note 11 above.

- 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.

- 20) Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)**

The Company has obtained undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

**By Order of the Board**

Zheng, ZhiZhong  
Executive Director and Chief Executive Officer  
26 February 2021