



Current report No: 12/2014

Abbreviated name of the Issuer: Peixin

Dated: 25 May 2014

Legal basis: Article 56.5 of the Act on Public Offering – Update of Inside information

Subject: Investment plan update

The Management Board of Peixin International Group N.V. (the "Company") informs that due to limited external financing availability and lower than expected inflows from IPO, the Company was required to alter its initial investment plan. Consequently, on 25 May 2014, the Company decided to adopt an updated investment plan.

The Company intends to carry out an investment plan amounting to RMB 330-360m by the end of 2015. The investment plan should cover land (land use right) purchase, construction of new production facilities together with its equipment as well as R&D expenses.

According to requirements imposed by local governments, certain construction works needs to be finalized within a given period of time. The agreement on land purchase disclosed in current report No. 11/2014 also specifies some requirements necessary to be met by the Company, therefore in order to comply with imposed requirements and remain flexible, the Company planned future investments as follows.

The Company has already reached its capacity and is currently using overtime to respond to the market demand, therefore the main goal of the 1st stage of investment plan is to develop new capacity. In order to do that, the Company intends to construct mechanical workshop (9,000 sqm) and assembly hall (15,000 sqm) and equip it with machinery necessary for production (incl. advanced CNC machines, enabling precise, high quality parts manufacturing). The Company also needs to construct a dorm for workers, as most of the workers employed will be housed in the dorm (which is common for Chinese business environment; moreover, employees in Fujian province often come from different parts of China). Prior to construction of buildings on the new ground, it needs to be improved, fenced, and necessary piping need to be constructed. Additionally, due to the possible energy shortages in the new land's area, the Company intends to buy power generators to maintain stable energy supply. Initially the workshops will be utilized in ca. 50% with an option to expand its utilization in the future, however construction needs to be finalized due to local government's requirements. The Company also plans to cover necessary R&D to maintain its high quality and competitive edge versus competitors.

The Company assumes, that above-mentioned investments should increase its capacity up to ca. 70%, on top of capacity levels available as of the end of 1Q2014.

Expected values of investments planned for 2014-2015 are presented in the table below. Timing of some investments (shifts from 4Q2014 to 1Q2015 in particular) may occur depending on timing of external financing available for the Company.

Investment (m RMB)	2014	2015
Machinery	45	95
Plant	120	48
Land	15*	0
R&D	10	15
Total	190	158

* RMB 15m includes outstanding land payment as at Mar 31, 2014; most of the land has already been prepaid in 2013 and 1Q2014.

Along with capacity utilization, the Company considers further investment after year 2015, which shall be financed mainly from internally generated funds. These investments should cover i.a. additional machinery to be placed in already constructed workshops , expansion of workers dormitory and relocating administration office from workers dorm to the separate building. This investment should amount to ca. RMB 180-200m, however it remains optional and its timing depends on pace of business growth and utilization of capacity.

Apart from the investment plan described above, Company intends to invest RMB 10m annually in order to maintain its existing asset base.

Date	Name and Surname	Position	Signature
2014-05-25	Hongyan Dai	Member of Management Board	Hongyan Dai
2014-05-25	Kaida Xie	Member of Management Board	Kaida Xie