



AVIC International Investments Limited

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PRESS RELEASE

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AVIC International Investments posts 3Q2011 net profit of RMB3.1 million as revenue doubles

- 3Q2011 revenue of RMB21.3 million due to marketing commission income and higher management service fee income
- Excluding one-off listing expenses, 3Q2011 net profit would have been approximately RMB13.5 million

For the period ended 30 September

RMB' million	3Q2011	3Q2010 <i>Pro forma*</i>	Change (%)	9M2011	9M2010 <i>Pro forma*</i>	Change (%)
Revenue	21.3	12.9	64.7	44.7	34.9	28.0
Operating Profit	7.6	11.8	(35.6)	25.2	33.9	(25.7)
Net Profit	3.1	8.8	(65.3)	16.2	25.4	(36.2)

** Pro forma financial information for the financial period ended 30 September 2010 represents income and expenses of the Shipbuilding Management Division of AVIC Beijing prior to the Restructuring Exercise pursuant to AVIC Singapore's listing on the Singapore Exchange*

SINGAPORE – 9 November 2011 – PRC-based shipbuilding management and consultancy (“M&C”) services provider, AVIC International Investments Limited (“AVIC Singapore”, and together with its subsidiaries, the “Group”) (中航国际投资有限公司), which is a member of the Aviation Industry Corporation of China (“AVIC”) (中国航空工业集团公司) group of companies (the “AVIC Group”), today reported that it achieved a net profit attributable to shareholders of RMB3.1 million on the back of a 64.7% surge in Group revenue for the third quarter ended 30 September 2011 (“3Q2011”).

The increase in revenue in the third quarter was due to marketing commission income as well as higher management service fee income.

The Group's revenue comprises (i) service fee income derived from the services it provides in relation to shipbuilding contracts, and (ii) management service fee income relating to marketing and consultancy services it provides to shipyards. On a segmental basis, 73.7% of its 3Q2011 revenue was derived from service fee income, while the remaining 26.3% were management service income. In terms of revenue by geography, all of its revenue was derived from Asia¹. In 3Q2010, 35.1% of its revenue was derived from the Middle East, 28.0% from Asia, and 36.9% from Europe.

The Group's 3Q2011 operating profit dipped 35.6% to RMB7.6 million mainly due to one-off expenses of RMB10.5 million incurred for its recent Mainboard listing exercise. Excluding these one-off expenses, the Group's operating profit and net profit for 3Q2011 would have grown year-on-year to approximately RMB18.0 million and RMB13.5 million respectively.

Earnings/NAV Per Share

In the third quarter results, the Group's earnings per share was 1.32 RMB cents, whilst achieving net asset value per share of 18.74 RMB cents as of 30 September 2011.

9 Months Performance

In the nine months to 30 September 2011, AVIC Singapore's revenue jumped 28.0% to RMB44.7 million, achieving net profit of RMB16.2 million. All of its revenue was derived from Asia¹. In the same period last year, 51.9% of total revenue was derived from the Middle East, 26.2% from Asia, and 21.9% from Europe.

Business Prospects

Commenting on its results after its Singapore listing, AVIC Singapore's Non-Executive Chairman Dr Diao Weicheng (刁伟程) said, "The global shipbuilding industry is going through several challenges – the subdued growth of the major world economies, coupled with the ongoing European debt crisis and the continuing prospect of low freight rates, as well as

¹ As part of the restructuring exercise, AVIC International Beijing Co., Ltd ("AVIC Beijing") and our Company entered into a Management Agreement, pursuant to which AVIC Beijing engaged our Company to provide project management and consultancy services with effect from 1 January 2011 until the outstanding 19 vessels are delivered. Hence, all of our income in 2011 was derived from Asia.

rising fuel and operational costs, are expected to exert downward pressure on the market demand for vessels. However, despite the difficult macro environment, prospect in the offshore energy sector remains positive, underpinned by high oil prices. Demand for offshore vessels is expected to grow in line with increasing investment in oil exploration by oil giants.”

“As such, we are still forging ahead with our plan to broaden our revenue stream by diversifying into shipbuilding in the near future by acquiring existing reputable shipyards, including but not limited to, those from AVIC International Holding Corporation (“AVIC International”) (中国航空技术国际控股有限公司) and its subsidiaries,” added Dr Diao.

Apart from acquiring shipyards, AVIC Singapore plans to acquire or form strategic alliances with ship design houses and other business partners to develop new, better and environmentally-friendly products for customers, and to enable it to own proprietary rights in its future ship designs. It also aims to develop more sophisticated and higher value-added vessels such as liquefied natural gas (“LNG”) carriers, liquefied petroleum gas (“LPG”) carriers, chemical tankers and offshore vessels.

“The Group believes there is a demand for new energy-saving environmentally-friendly vessels and will accelerate cooperation with ship-design institutes to increase research and development efforts in this area. We believe the underlying demand for shipbuilding cannot be replaced. The PRC government is still committed to its target of becoming the largest shipbuilding nation in the world. By expanding our shipbuilding and ship design capabilities, the Group is positioning itself for the recovery of the global shipbuilding industry,” Dr Diao concluded.

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About AVIC International Investments Limited

AVIC International Investments Limited is the shipbuilding management arm of AVIC International Beijing Co., Ltd, which is a member of the PRC Central Government-owned Aviation Industry Corporation of China (“AVIC”) group of companies. Ranked 330 amongst international Fortune 500 companies in 2010, AVIC is a large state-owned enterprise in the PRC and an investment institution that is authorised and managed by the Central Government of the PRC.

AVIC Singapore and its subsidiaries (the “Group”) currently provide shipbuilding management and consultancy (“M&C”) services, and plan to diversify into the ship-trading and shipbuilding business.

The Group currently works with established shipyards in the PRC as co-sellers, where the shipyard is responsible for the construction of the vessels and the Group undertakes the non-construction aspects of the shipbuilding project. The Group out-sources the design of vessels to several renowned ship-design institutes in the PRC. As part of the state-owned AVIC Group, it has strong support from major PRC financial institutions and has been able to assist shipyards and the shipowners in obtaining financing, when required.