



**AVIC INTERNATIONAL MARITIME HOLDINGS LIMITED**  
*(formerly known as AVIC INTERNATIONAL INVESTMENTS LIMITED)*

*(Company Registration No. 201024137N)*

**UNAUDITED FINANCIAL STATEMENTS AND ANNOUNCEMENT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013**

**PART 1 - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS**

**1 (a) 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 immediate preceding financial year.**

**1(a)(i) Consolidated Statement of Comprehensive Income for the Third Quarter ended 30 September 2013**

|                                       | <b>Group</b><br><b>1 Jul 13 to</b><br><b>30 Sep 13</b> | <b>Group</b><br><b>1 Jul 12 to</b><br><b>30 Sep 12</b> | <b>Change</b> | <b>Group</b><br><b>1 Jan 13 to</b><br><b>30 Sep 13</b> | <b>Group</b><br><b>1 Jan 12 to</b><br><b>30 Sep 12</b> | <b>Change</b> |
|---------------------------------------|--|--|---------------|--|--|---------------|
|                                       | (RMB'000)  | (RMB'000)  | %             | (RMB'000)  | (RMB'000)  | %             |
| Revenue                               | 103,228  | 35,321   | 192.3         | 359,619  | 61,326   | 486.4         |
| Contract cost                         | (41,839)   | (24,695)   | 69.4          | (159,836)  | (24,695)   | 547.2         |
| Other operating income                | 533  | 442  | 20.6          | 1,419  | 870  | 63.1          |
| Employee benefits expense             | (35,978)   | (4,041)  | 790.3         | (120,883)  | (9,326)  | 1,196.2       |
| Travelling and entertainment expenses | (3,357)  | (484)  | 593.6         | (11,802)   | (1,815)  | 550.2         |
| Office rental and office expenses     | (5,985)  | (1,464)  | 308.8         | (20,194)   | (4,521)  | 346.7         |
| Other operating expenses              | (12,811)   | (1,809)  | 608.2         | (40,336)   | (6,558)  | 515.1         |
| Share of results of associates        | (337)  | -  | N/M           | (1,264)  | -  | N/M           |
| Finance costs                         | (3,008)  | (723)  | 316.0         | (8,988)  | (1,428)  | 529.4         |
| (Loss) profit before income tax       | 446  | 2,547  | (82.5)        | (2,265)  | 13,853   | N/M           |
| Income tax expense                    | (3,044)  | (1,719)  | 77.1          | (10,437)   | (6,194)  | 68.5          |
| (Loss) profit for the period          | (2,598)  | 828  | N/M           | (12,702)   | 7,659  | N/M           |
| <u>(Loss) profit attributable to:</u> |  |  |               |  |  |               |
| Owner of the company                  | (4,294)  | 828  | N/M           | (15,750)   | 7,659  | N/M           |
| Non-controlling interests             | 1,696  | -  | N/M           | 3,048  | -  | N/M           |
| (Loss) profit for the period          | (2,598)  | 828  | N/M           | (12,702)   | 7,659  | N/M           |

Other comprehensive income

|   |         |       |       |        |        |        |
|---|---------|-------|-------|--------|--------|--------|
| Exchange differences arising on translation               | 1,616   | 433   | 273.2 | 16,082 | 2,498  | 543.8  |
| Available for sale financial asset- fair value            | 11      | -     | N/M   | 44     | -      | N/M    |
| Total comprehensive (loss) profit for the period          | (971)   | 433   | N/M   | 3,424  | 2,498  | (37.1) |
| <u>Total comprehensive (loss) profit attributable to:</u> |         |       |       |        |        |        |
| Owner of the company                                      | (3,222) | 1,261 | N/M   | 644    | 10,157 | (93.6) |
| Non-controlling interests                                 | 2,251   | -     | N/M   | 2,780  | -      | N/M    |
|   | (972)   | 1,261 | N/M   | 3,424  | 10,157 | (66.3) |

**1(a)(ii) Notes to the Consolidated Statement of Comprehensive Income for the Third Quarter ended 30 September 2013**

|                                     | <b>Group</b>                 | <b>Group</b>                 |               | <b>Group</b>                 | <b>Group</b>                 |               |
|-------------------------------------|------------------------------|------------------------------|---------------|------------------------------|------------------------------|---------------|
|                                     | <b>1 Jul 13 to 30 Sep 13</b> | <b>1 Jul 12 to 30 Sep 12</b> | <b>Change</b> | <b>1 Jan 13 to 30 Sep 13</b> | <b>1 Jan 12 to 30 Sep 12</b> | <b>Change</b> |
|                                     | (RMB'000)                    | (RMB'000)                    | %             | (RMB'000)                    | (RMB'000)                    | %             |
| Interest income                     | 533                          | 237                          | 124.9         | 1,419                        | 554                          | 156.1         |
| Net foreign exchange (loss)/gain    | (7,357)                      | 205                          | N/M           | (16,656)                     | 317                          | N/M           |
| Interest expense on bank loan       | (2,896)                      | (639)                        | 353.2         | (8,549)                      | (1,333)                      | 541.3         |
| Operating lease expenses            | (3,683)                      | (1,366)                      | 169.6         | (11,295)                     | (4,069)                      | 177.6         |
| Depreciation of plant and equipment | (909)                        | (339)                        | 168.1         | (2,740)                      | (995)                        | 175.4         |
| Amortisation of intangible assets   | (253)                        | -                            | N/M           | (770)                        | -                            | N/M           |
| Fixed assets written off            | (19)                         | (332)                        | (94.3)        | (139)                        | -                            | N/M           |

N/M – Not meaningful

**1(b) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediate preceding financial year**

**1(b)(i) Unaudited Statements of Financial Position as at 30 September 2013**

|                                     | <b>Group</b>                    |                                 | <b>Company</b>                  |                                 |
|-------------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
|                                     | <b>30 Sep 2013</b><br>(RMB'000) | <b>31 Dec 2012</b><br>(RMB'000) | <b>30 Sep 2013</b><br>(RMB'000) | <b>31 Dec 2012</b><br>(RMB'000) |
| <b>Assets</b>                       |                                 |                                 |                                 |                                 |
| <u>Current assets</u>               |                                 |                                 |                                 |                                 |
| Cash and cash equivalents           | 390,558                         | 355,262                         | 670                             | 2,912                           |
| Cash held in trust by a third party | -                               | 216,618                         | -                               | -                               |
| Pledged cash placed with a bank     | -                               | 8,036                           | -                               | -                               |
| Trade receivables                   | 105,719                         | 1,044                           | -                               | -                               |
| Other receivables                   | 13,969                          | 2,909                           | 58                              | 162                             |
| Amount due from subsidiaries        | -                               | -                               | 9,095                           | 11,599                          |
| Derivative financial instruments    | 52                              | -                               | -                               | -                               |
|                                     | <b>510,298</b>                  | <b>583,869</b>                  | <b>9,823</b>                    | <b>14,673</b>                   |
| <u>Non-current assets</u>           |                                 |                                 |                                 |                                 |
| Plant and equipment                 | 6,447                           | 3,551                           | 64                              | 101                             |
| Investment in subsidiaries          | -                               | -                               | 433,130                         | 433,130                         |
| Investment in associates            | 2,056                           | -                               | -                               | -                               |
| Available for sale investments      | 385                             | -                               | -                               | -                               |
| Intangible assets                   | 2,926                           | -                               | -                               | -                               |
| Provisional goodwill                | 157,433                         | -                               | -                               | -                               |
| Deferred tax assets                 | 219                             | -                               | -                               | -                               |
|                                     | <b>169,466</b>                  | <b>3,551</b>                    | <b>433,194</b>                  | <b>433,231</b>                  |
| <b>Total assets</b>                 | <b>679,764</b>                  | <b>587,420</b>                  | <b>443,017</b>                  | <b>447,904</b>                  |
| <u>Current liabilities</u>          |                                 |                                 |                                 |                                 |
| Current portion of long-term loan   | 21,801                          | 21,641                          | 21,601                          | 21,641                          |
| Trade payables                      | 15,653                          | 30,187                          | -                               | -                               |
| Advance received                    | 47,482                          | 23,291                          | -                               | -                               |
| Other payables and accruals         | 50,644                          | 14,513                          | 14,753                          | 8,855                           |
| Finance lease liabilities           | 1,069                           | -                               | -                               | -                               |
| Income tax payable                  | 5,269                           | -                               | -                               | -                               |
|                                     | <b>141,918</b>                  | <b>89,632</b>                   | <b>36,354</b>                   | <b>30,496</b>                   |
| <u>Non-current liabilities</u>      |                                 |                                 |                                 |                                 |
| Long-term loan                      | 351,979                         | 336,668                         | 333,516                         | 336,668                         |
| Finance lease liabilities           | 844                             | -                               | -                               | -                               |
| Deferred tax liabilities            | 3,865                           | -                               | -                               | -                               |
|                                     | <b>356,688</b>                  | <b>336,668</b>                  | <b>333,516</b>                  | <b>336,668</b>                  |
| <b>Total liabilities</b>            | <b>498,606</b>                  | <b>426,300</b>                  | <b>333,516</b>                  | <b>367,164</b>                  |

**Capital and reserves**

|                                     |                |                |                |                |
|-------------------------------------|----------------|----------------|----------------|----------------|
| Share capital                       | 101,237        | 101,237        | 101,237        | 101,237        |
| Capital reserve                     | 12,124         | 10,257         | 10,257         | 10,257         |
| Statutory reserve                   | 8,094          | 8,094          | -              | -              |
| Other reserve                       | 35             | -              | -              | -              |
| Translation reserve                 | 15,028         | (1,331)        | 17,113         | (944)          |
| Accumulated profits/(losses)        | 27,113         | 42,863         | (55,460)       | (29,810)       |
|                                     | <b>163,631</b> | <b>161,120</b> | <b>73,147</b>  | <b>80,740</b>  |
| Non-controlling interests           | 17,527         | -              | -              | -              |
| <b>Total equity</b>                 | <b>181,158</b> | <b>161,120</b> | <b>73,147</b>  | <b>80,740</b>  |
| <b>Total Equity and Liabilities</b> | <b>679,764</b> | <b>587,420</b> | <b>443,017</b> | <b>447,904</b> |

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

**(A)** Amount repayable in one year or less, or on demand

| As at 30 Sep 2013    |                        |
|----------------------|------------------------|
| Secured<br>(RMB'000) | Unsecured<br>(RMB'000) |
| 1,069                | 21,801                 |

| As at 31 Dec 2012    |                        |
|----------------------|------------------------|
| Secured<br>(RMB'000) | Unsecured<br>(RMB'000) |
| Nil                  | 21,641                 |

**(B)** Amount repayable after one year

| As at 30 Sep 2013    |                        |
|----------------------|------------------------|
| Secured<br>(RMB'000) | Unsecured<br>(RMB'000) |
| 844                  | 351,979                |

| As at 31 Dec 2012    |                        |
|----------------------|------------------------|
| Secured<br>(RMB'000) | Unsecured<br>(RMB'000) |
| Nil                  | 336,668                |

**(C)** Details of any collaterals

1. As at 30 September 2013, the Group had a bank loan of RMB200,000 (2012: RMB20 million) which was guaranteed by AVIC Beijing(an intermediate company) and bore a fixed interest rate of 6.9% per annum. The loan was advanced on 30 January 2013 and is due for repayment on 13 November 2013.

2. In connection with the intra-group restructuring ("Intra-group Restructuring") as disclosed on pages 100 and 101 of the Company's information memorandum dated 10 August 2011, AVIC International Kairong Limited ("AVIC Kairong"), the majority shareholder of the Company, funded the Intra-group Restructuring by extending two unsecured shareholder's loans (the "Shareholder's Loan") to the Company, amounting to an aggregate principal amount of US\$24,000,000 ("Principal Sum") with a term of three years. The Shareholder's Loan shall bear an interest rate of 0.85% per annum ("Interest Per Annum"), with the cumulative interest payable to AVIC Kairong being US\$612,000 ("Cumulative Interest"). For the avoidance of doubt, the Interest Per Annum and the Cumulative Interest are less than 3% of the Group's audited net tangible assets as at 31 December 2012. The terms of repayment will be negotiated six months before the end of the loan tenure.

On 8 April 2013, the Company and AVIC Kairong entered into a supplementary agreement, in which both parties agree that in relation to the repayment of the loan principal of USD24,000,000, the Company will repay the loan amount with the revised principal amount at SGD29,769,600, at the fixed exchange rate of 1.2404. With effect from 1 April 2013, the principal interest will be computed based on principal amount of SGD29,769,600 instead.

3. For the purposes of the Intra-group Restructuring, on 20 March 2013, AVIC Kairong granted an additional US\$3,250,000 interest free loan to AVIC International Ship Development Pte Ltd ("AISD"), a wholly own subsidiary of the Company with the loan tenure of three years commencing from 20 March 2013.

4. As at 30 September 2013, the Group had a loan of EUR26,000,000 (31 December 2012: EUR26,000,000) with the assistance of AVIC Kairong, the majority shareholder of the Company. The loan was advanced on 20 December 2012 and is secured by a standby letter of credit issued by Industrial and Commercial Bank of China Limited, Beijing Branch for an aggregate amount of not less than RMB230.00 million. The loan is due for repayment with three instalments: (1) 10% to be repaid 12 months after the date of first drawdown; (2) 20% to be repaid 24 months after the date of first drawdown; and (3) 70% of the principal to be repaid in three years from the date of the loan drawdown. The loan carries fixed interest rate of 3.00% per annum. The loan was obtained in connection with the proposed acquisition of Deltamarin Oy, the details of which are set out in the circular to Shareholders dated 10 December 2012.

5. As at 30 September 2013, certain plant and equipment with carrying amount of EUR118,636 or RMB 985,628 equivalent (2012: nil) are secured by the lessors' titles to the leased assets.

**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.**

Consolidated Cash Flow Statements for the Second Quarter ended 30 September 2013

|  | <u>Group</u>                                   | <u>Group</u>                                   | <u>Group</u>                                   | <u>Group</u>                                   |
|--|--|--|--|--|
|  | <b>1 Jul 13 to<br/>30 Sep 13<br/>(RMB'000)</b> | <b>1 Jul 12 to<br/>30 Sep 12<br/>(RMB'000)</b> | <b>1 Jan 13 to<br/>30 Sep 13<br/>(RMB'000)</b> | <b>1 Jan 12 to<br/>30 Sep 12<br/>(RMB'000)</b> |
| <b>Operating activities</b>                              |  |  |  |  |
| Profit/(loss) before income tax                          | 446  | 2,547  | (2,265)  | 13,853   |
| Adjustments for:   |  |  |  |  |
| Share of loss of associates                              | 337  | -  | 1,264  | -  |
| Interest income  | (533)  | (237)  | (1,419)  | (554)  |
| Interest expenses  | 2,896  | 639  | 8,549  | 1,333  |
| Depreciation of plant and equipment                      | 909  | 339  | 2,740  | 995  |
| Amortisation of intangible assets                        | 253  | -  | 770  | -  |
| Fixed asset written off                                  | 19   | 32   | 139  | 32   |
| Fair value change of derivative financial instruments    | (64)   | -  | 102  | -  |
| Net foreign exchange loss                                | 6,959  | 2,143  | 13,000   | 4,025  |
| Operating cash flows before movements in working capital | 11,222   | 5,463  | 22,880   | 19,684   |
| Trade receivables  | (4,624)  | -  | (39,056)                                       | 11,065   |
| Due to customer on construction contract                 | -  | (3,586)  | -  | 14,526   |
| Other receivables  | 7,524  | (581)  | 2,098  | (1,485)  |
| Trade payables   | (46,629)                                       | (16,004)                                       | (42,014)                                       | 7,912  |
| Advances received  | 8,565  | -  | 24,191   | -  |
| Other payables and accruals                              | (2,709)  | 538  | 5,793  | (2,421)  |
| Cash (used in)/ generated from operations                | (26,651)                                       | (14,170)                                       | (26,108)                                       | 49,281   |
| Income taxes paid  | (1,256)  | (200)  | (3,880)  | (15,048)                                       |
| Interest paid  | -  | (355)  | -  | (1,049)  |
| Interest received  | 533  | 237  | 1,419  | 554  |
| Net cash (used in)/from operating activities             | (27,374)                                       | (14,448)                                       | (28,569)                                       | 33,738   |
| <b>Investing activity</b>                                |  |  |  |  |
| Purchase of plant and equipment (Note A)                 | (724)  | -  | (1,723)  | (167)  |
| Net cash inflow on acquisition of a subsidiary (Note B)  | -  | -  | 44,346   | -  |
| Purchase of intangible assets                            | (713)  | -  | (1,140)  | -  |
| Net cash (used in)/from investing activities             | (1,437)  | -  | 41,483   | (167)  |
| <b>Financing activities</b>                              |  |  |  |  |
| Decrease in pledged cash placed with a bank              | -  | -  | 8,036  | -  |
| New loans raised   | -  | -  | 20,893   | -  |
| Interest paid  | (1,706)  | -  | (4,844)  | -  |
| Proceeds from shareholder's loan                         | -  | 100,464  | -  | 100,464  |
| Other receivables  | -  | -  | -  | 20,000   |
| Net cash (used in)/from financing activities             | (1,706)  | 100,464  | 24,085   | 120,464  |

|   | <b>Group</b>                                   | <b>Group</b>                                   | <b>Group</b>                                   | <b>Group</b>                                   |
|---|--|--|--|--|
|   | <b>1 Jul 13 to<br/>30 Sep 13<br/>(RMB'000)</b> | <b>1 Jul 12 to<br/>30 Sep 12<br/>(RMB'000)</b> | <b>1 Jan 13 to<br/>30 Sep 13<br/>(RMB'000)</b> | <b>1 Jan 12 to<br/>30 Sep 12<br/>(RMB'000)</b> |
| Net (decrease)/increase in cash and cash equivalents                              | (30,517)                                       | 85,976   | 36,999   | 154,035  |
| Effect of exchange rate changes on the balance of cash held in foreign currencies | 1,143  | (1,879)  | (1,703)  | (1,736)  |
| Cash and cash equivalents at beginning of the financial period                    | 419,932  | 213,398  | 355,262  | 145,196  |
| <b>Cash and cash equivalents at end of the financial period</b>                   | <b>390,558</b>                                 | <b>297,495</b>                                 | <b>390,558</b>                                 | <b>297,495</b>                                 |

Note A: Purchase of plant and equipment

During 3Q2013, the Group acquired property, plant and equipment with an aggregate cost of RMB759,101 (3Q2012:168,498) of which RMB34,927(3Q2012: Nil) were acquired by means of finance leases, and cash payment made amounted to RMB 724,175 (3Q2012:168,498).

For the 9 months ended 30 September 2013, property, plant and equipment acquired totalled RMB2,054,705 (2012:168,498) of which RMB331,447 (2012: Nil) were acquired by means of finance leases, and cash payment made amounted to RMB 1,723,258 (2012:168,498).

Note B: Acquisition of a subsidiary

On 4 January, 2013, the group acquired a controlling interest in Deltamarin Oy ("Deltamarin") for an aggregate consideration satisfied as follows:

- 1) Cash consideration of EUR25,980,000 (RMB214,866,000); and
- 2) The allotment and issuance of an aggregate of 950 new shares of AVIC International Marine Engineering Pte. Ltd. ("AIME"), an indirect wholly-owned subsidiary of the Company, as share consideration (amounting to 20.43% of the enlarged issued share capital of AIME) to the shareholder of Deltamarin amounting to an aggregate issue price of EUR6,129,000.

**Assets acquired and liabilities at acquisition date**

|   | <b>RMB'000</b>  |
|---|-----------------|
| Current assets  | 123,643         |
| Non-current assets                                    | 10,301          |
| Current liabilities                                   | (58,602)        |
| Non-current liabilities                               | (3,163)         |
| <b>Net assets</b>                                     | <b>72,179</b>   |
| Provisional goodwill (i)                              | 157,433         |
| Non-controlling interest                              | (14,746)        |
| <b>Sub-total</b>                                      | <b>214,866</b>  |
| Less: Cash and cash equivalents balances acquired     | (44,346)        |
| Decrease in cash held in trust (ii)                   | (214,866)       |
| <b>Net cash inflow on acquisition of a subsidiary</b> | <b>(44,346)</b> |

- (i) The Group has engaged an independent valuer to determine the fair value of the assets and liabilities acquired. A purchase price allocation will be completed within one year from the date of acquisition.
- (ii) As at 31 December 2012, the Group had cash held in trust by a third party lawyer for the acquisition of EUR25,980,000 (RMB 216,618,000). On 4 January 2013 (the acquisition date), the amount of cash held in trust of EUR25,980,000 (RMB214,866,000) was paid out for the completion of the acquisition of Deltamarin.

1(d) 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

|  | Share<br>capital | Capital<br>reserve | Statutory<br>reserve | Other<br>reserve | Translation<br>reserve | Accumulated<br>profits/<br>(losses) | Equity<br>attributable<br>to owner of<br>the<br>Company | Non-<br>controlling<br>interest | Total<br>equity |
|--|------------------|--------------------|----------------------|------------------|------------------------|-------------------------------------|---|---------------------------------|-----------------|
|  | (RMB'000)        | (RMB'000)          | (RMB'000)            | (RMB'000)        | (RMB'000)              | (RMB'000)                           | (RMB'000)   | (RMB'000)                       | (RMB'000)       |
| <b>The Group</b>   |                  |                    |                      |                  |                        |                                     |   |                                 |                 |
| <b>Balance at 1 Jan 2013</b>                                     | 101,237          | 10,257             | 8,094                | -                | (1,331)                | 42,863                              | 161,120   | -                               | 161,120         |
| Total comprehensive income/(loss) for the period                 | -                | -                  | -                    | 26               | 15,296                 | (11,456)                            | 3,866   | 530                             | 4,396           |
| Deemed contribution by the shareholder on the shareholder's loan | -                | 1,867              | -                    | -                | -                      | -                                   | 1,867   | -                               | 1,867           |
| Non-controlling interest upon acquired of a subsidiary           | -                | -                  | -                    | -                | -                      | -                                   | -   | 14,746                          | 14,746          |
| <b>Balance at 30 Jun 2013</b>                                    | 101,237          | 12,124             | 8,094                | 26               | 13,965                 | 31,407                              | 166,853   | 15,276                          | 182,129         |
| Total comprehensive income/(loss) for the period                 | -                | -                  | -                    | 9                | 1,063                  | (4,294)                             | (3,222)   | 2,251                           | (971)           |
| <b>Balance at 30 Sep 2013</b>                                    | 101,237          | 12,124             | 8,094                | 35               | 15,028                 | 27,113                              | 163,631   | 17,527                          | 181,158         |



Statement of Changes in Equity

|  | Share<br>capital<br>(RMB'000) | Capital<br>reserve<br>(RMB'000) | Statutory<br>reserve<br>(RMB'000) | Translation<br>reserve<br>(RMB'000) | Accumulated<br>profits/<br>(losses)<br>(RMB'000) | Total equity<br>(RMB'000) |
|--|-------------------------------|---------------------------------|-----------------------------------|-------------------------------------|--|---------------------------|
| <b>The Group</b>   |                               |                                 |                                   |                                     |  |                           |
| <b>Balance at 1 Jan 2012</b>                                     | 101,237                       | -                               | 6,489                             | (2,070)                             | 36,671   | <b>142,327</b>            |
| Total comprehensive income/(loss) for the period                 | -                             | -                               | -                                 | 2,065                               | 6,831  | <b>8,896</b>              |
| <b>Balance at 30 Jul 2012</b>                                    | 101,237                       | -                               | 6,489                             | (5)                                 | 43,502   | <b>151,223</b>            |
| Total comprehensive income/(loss) for the period                 | -                             | -                               | -                                 | 433                                 | 828  | <b>1,261</b>              |
| Deemed contribution by the shareholder on the shareholder's loan | -                             | 6,932                           | -                                 | -                                   | -  | <b>6,932-</b>             |
| <b>Balance at 30 Sep 2012</b>                                    | <u>101,237</u>                | <u>6,932</u>                    | <u>6,489</u>                      | <u>428</u>                          | <u>44,330</u>                                    | <u><b>159,416</b></u>     |

|  | Share<br>capital<br>(RMB'000) | Capital<br>reserve<br>(RMB'000) | Translation<br>reserve<br>(RMB'000) | Accumulated<br>profits/<br>(losses)<br>(RMB'000) | Total<br>equity<br>(RMB'000) |
|--|-------------------------------|---------------------------------|-------------------------------------|--|------------------------------|
| <b>The Company</b>   |                               |                                 |                                     |  |                              |
| <b>Balance at 1 Jan 2013</b>                                     | 101,237                       | 10,257                          | (944)                               | (29,810)   | <b>80,740</b>                |
| Total comprehensive loss for the period                          | -                             | -                               | 19,097                              | (14,511)   | <b>4,586</b>                 |
| <b>Balance at 30 Jun 2013</b>                                    | 101,237                       | 10,257                          | 18,153                              | (44,321)   | <b>85,326</b>                |
| Total comprehensive loss for the period                          | -                             | -                               | (1,040)                             | (11,139)   | <b>(12,179)</b>              |
| <b>Balance at 30 Sep 2013</b>                                    | <u>101,237</u>                | <u>10,257</u>                   | <u>17,113</u>                       | <u>(55,460)</u>                                  | <u><b>73,147</b></u>         |
| <b>Balance at 1 Jan 2012</b>                                     | 101,237                       | -                               | (2,462)                             | (20,536)   | <b>78,239</b>                |
| Total comprehensive loss for the period                          | -                             | -                               | 2,287                               | 3,734  | <b>(1,447)</b>               |
| <b>Balance at 30 Jun 2012</b>                                    | 101,237                       | -                               | (175)                               | (24,270)   | <b>76,792</b>                |
| Total comprehensive loss for the period                          | -                             | -                               | (1,125)                             | (280)  | <b>(1,405)</b>               |
| Deemed contribution by the shareholder on the shareholder's loan | -                             | 6,932                           | -                                   | -  | <b>6,932</b>                 |
| <b>Balance at 30 Sep 2012</b>                                    | <u>101,237</u>                | <u>6,932</u>                    | <u>(1,300)</u>                      | <u>(24,550)</u>                                  | <u><b>82,319</b></u>         |

**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 previous period of the immediately preceding financial year.

There have been no changes to the issued share capital of the Company since 31 December 2012. As at 30 September 2013, the issued share capital of the Company was RMB 101,237,000 comprising 285,576,000 ordinary shares.

There were no outstanding convertibles as at 30 September 2013 (31 December 2012: Nil).

**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 December 2012 and 30 September 2013, the share capital of the Company comprised 285,576,000 ordinary shares.

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

The Company did not hold any treasury shares as at 30 September 2013 (31 December 2012: Nil). There were no sale, transfer, disposal, cancellation and/or use of treasury shares as at 30 September 2013.

**2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures presented in this announcement have not been audited nor reviewed by the company's auditors.

**3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a 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.**

There were no changes in accounting policies and methods of computation adopted in the financial statements for the current reporting period as compared to the most recent audited financial statements for the financial year ended 31 December 2012, except for the adoption of the new and revised Financial Reporting Standards ("FRS") which came into effect of this financial year from 1 January 2013. The adoption of the new and revised FRSs is assessed to have no material impact to the financial statements of the Group and of the Company in the period of their initial adoption.

- 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.**

See note 4.

- 6 **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

|  | 1 Jul 2013<br>to 30 Sep<br>2013 | 1 Jul 2012<br>to 30 Sep<br>2012 | 1 Jan 2013<br>to 30 Sep<br>2013 | 1 Jan 2012<br>to 30 Sep<br>2012 |
|--|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| (Losses)/earnings per ordinary share attributable to owners of the Company       |                                 |                                 |                                 |                                 |
| (a) Based on the weighted average number of ordinary shares in issue (RMB cents) | (1.50)                          | 0.29                            | (5.52)                          | 2.68                            |
| Weighted average number of ordinary shares                                       | 285,576,000                     | 285,576,000                     | 285,576,000                     | 285,576,000                     |
| (b) On a fully diluted basis (RMB cents)   | (1.50)                          | 0.29                            | (5.52)                          | 2.68                            |
| Weighted average number of ordinary shares                                       | 285,576,000                     | 285,576,000                     | 285,576,000                     | 285,576,000                     |

Losses per ordinary share is calculated by dividing the consolidated losses after tax attributable to owners of the Company over the weighted average number of ordinary shares in issue during the period.

There is no difference between the basic and diluted losses per share.

- 7 **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year.**

|   | Group          |                | Company        |                |
|---|----------------|----------------|----------------|----------------|
|   | 30 Sep<br>2013 | 31 Dec<br>2012 | 30 Sep<br>2013 | 31 Dec<br>2012 |
| Net asset value per share based on issued share capital (RMB cents) | 57.30          | 56.42          | 25.61          | 28.27          |
| Number of ordinary shares issued at the end of period / year        | 285,576,000    | 285,576,000    | 285,576,000    | 285,576,000    |

- 8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**

- a) **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; and**
- b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

| <b>The Group</b>             | <b>1 Jul 13 to<br/>30 Sep 13<br/>("3Q2013")</b> |              | <b>1 Jul 12 to<br/>30 Sep 12<br/>("3Q2012")</b> |              | <b>1 Jan 13 to<br/>30 Sep 13<br/>("9M2013")</b> |              | <b>1 Jan 12 to<br/>30 Sep 12<br/>("9M2012")</b> |              |
|------------------------------|---|--------------|---|--------------|---|--------------|---|--------------|
|                              | (RMB'000)                                       | %            | (RMB'000)                                       | %            | (RMB'000)                                       | %            | (RMB'000)                                       | %            |
| Revenue by type of services: |   |              |   |              |   |              |   |              |
| Service fee income           | 4,487   | 4.3          | 7,830   | 22.2         | 15,766  | 4.4          | 22,507  | 36.7         |
| Management service fee       | 2,885   | 2.9          | -   | -            | 2,885   | 0.8          | 11,328  | 18.5         |
| Shipbuilding revenue         | 33,068  | 32.0         | 27,491  | 77.8         | 127,239   | 35.4         | 27,491  | 44.8         |
| Ship-design fee income       | 62,788  | 60.8         | -   | -            | 213,729   | 59.4         | -   | -            |
| <b>Total revenue</b>         | <b>103,228</b>                                  | <b>100.0</b> | <b>35,321</b>                                   | <b>100.0</b> | <b>359,619</b>                                  | <b>100.0</b> | <b>61,326</b>                                   | <b>100.0</b> |

### **Consolidated Statement of Comprehensive Income**

#### Revenue

Revenue increased by RMB67.91 million or 192.3% from RMB35.32 million in 3Q2012 to RMB103.23 million in 3Q2013 mainly due to 1) higher shipbuilding revenue for the construction of five vessels including three units of ASD tugboats, one unit of diver boat and one unit of bunkering tanker, 2) ship-design fee income of RMB62.79 million from the newly acquired Deltamarin Group and 3) management service fee income of RMB 2.88 million from the marketing, administration and management of shipbuilding contract with CATICO Investments Pte Ltd("CATICO") and AVIC Zhenjiang Shipyard Marine Pte Ltd("AVIC Zhenjiang").

Lower service fee income derived from the provision of shipbuilding project management and consultancy services ("M&C) was due to fewer milestones achieved.

In 3Q2013, we earned service fee income from Asia, shipbuilding revenue from Middle East, and ship-design fee income mainly from Europe and Asia, with contribution from North America, South America, Africa and Australia. In 3Q2012 all of our revenue was derived from Asia.

The higher revenue in 9M2013 compared to 9M2012 was mainly due to the ship-design fee income from the newly acquired Deltamarin Group and the shipbuilding revenue from the construction of five vessels.

#### Contract cost

The increase in contract cost in 3Q2013, as compared to 3Q2012, was mainly due to the construction work for the five vessels and the contract cost incurred by Deltamarin Group to generate the ship-design fee income. No such ship-design fee contract cost was recorded in 3Q2012 as the acquisition of Deltamarin Group was completed in January 2013. Contract cost was higher in 9M2013 compared to 9M2012 for the same reason.

#### Other operating income

The increase in other operating income in 3Q2013 as compared to the same period in the last financial year was mainly due to increase in interest income. Similarly, other operating income increased by RMB0.55 million or 63.1% from RMB0.87 million in 9M2012 to RMB1.42 million in 9M2013.

#### Employee benefits expense

Employee benefits expense increased by RMB31.94 million or 790.3% from RMB4.04 million in 3Q2012 to RMB35.98 million in 3Q2013 mainly due to increase in headcounts as the Group expanded its operations as well as the inclusion of expenses from the newly acquired Deltamarin Group. The same reason applied to the increase in employee benefits expense for 9M2013 compared to the same period of last financial year.

#### Travelling and entertainment expenses

Travelling and entertainment expenses increased by RMB2.88million or 593.6% to RMB3.36 million in 3Q2013, compared with RMB0.48 million for the same quarter last year. This was mainly due to expanded operations and the acquisition of the Deltamarin Group. The same reason resulted in the increase in travelling and entertainment expenses in 9M2013 compared to 9M2012.

#### Office rental and office expenses

Office rental and office expenses increased by RMB4.53 million or 308.8% from RMB1.46 million in 3Q2012 to RMB5.99 million in 3Q2013. The increase in office expenses was generally due to the increase in the number of employees and costs incurred for maintaining the Group's facilities, after the acquisition of Deltamarin Group.

Operating lease expenses increased by approximately RMB2.31 million or 169.6% from RMB1.37 million in 3Q2012 to RMB3.68 million in 3Q2013 mainly due to the leasing expenses from the newly acquired Deltamarin Group.

The same reason applied to the increase in office rental and office expenses as well as the operating lease expenses for 9M2013 compared to 9M2012.

#### Other operating expenses

Other operating expenses increased by approximately RMB11.00 million or 608.2% from RMB1.81 million in 3Q2012 to RMB12.81 million in 3Q2013. The increase was mainly due to the increase in foreign exchange loss arising from long term loans which were denominated in Euro and USD and the bank balances of PRC subsidiaries denominated in USD. In 3Q2013, the appreciation of the Euro against Singapore dollars, and of RMB against US dollars, resulted in a foreign exchange loss of RMB7.36 million. The increase in other operating expenses in 9M2013 as compared to the same financial period last year was mainly due to 1) the increase in foreign exchange loss of RMB16.66 million from the above-mentioned loan and bank balances and 2) expenses of RMB4.25 million incurred in relation to acquisition of Deltamarin Group which cannot be capitalised, and 3) the increase in operating activities due to the expansion of group.

The Group's depreciation charge for plant and equipment increased by RMB0.57 million or 168.1%, mainly due to the addition of plant and equipment and depreciation charges from Deltamarin Group.

#### Share of results of associates

The share of loss from associates in 3Q2013 as well as in 9M2013 arose from the share of losses incurred by associates under the newly acquired Deltamarin Group.

#### Finance costs

Finance costs in 3Q2013 and 9M2013 was mainly due to interest expenses incurred on (1) the shareholder's loan of USD24.0 million advanced from the Group's immediate holding company, and (2) a loan of EUR26.00 million. The interest payable on the shareholder's loan in 3Q2013 was RMB0.31 million.

#### Income tax expense

The operating subsidiaries in China and Finland are subject to income tax rate of 25% and 24.5% respectively. The Group recorded income tax expense of approximately RMB3.04 million in 3Q2013 mainly due to the profits generated by the China subsidiary and Deltamarin Group which cannot be offset against losses incurred by other companies in the Group. The increase in income tax expense in 3Q2013 and 9M2013 as compared to the previous corresponding period in 2012 was in line with the higher profit generated by the China subsidiary and Deltamarin Group for 3Q2013 and 9M2013.

#### Loss for the period

Loss for the period increased in 3Q2013 and 9M2013 compared to the respective financial period last year mainly due to the reasons outlined above.

### **Statement of Financial Position**

As at 30 September 2013, the Group's cash and bank balances represented 76.54% of total current assets. The decrease in Group's cash and bank balances as at 30 September 2013 compared to 31 December 2012, which was mainly comprised of cash and cash equivalents and cash held in trust, was mainly due to the cash paid for completing the acquisition of Deltamarin. The decrease was partially offset by the receipts of a shareholder's loan amounted to USD3.25 million or RMB20.69 million equivalent.

The trade receivables of RMB105.72 million comprised (1) the amount due from customers of RMB42.31 million, (2) amounts receivable related to percentage of completion based contract sales of RMB32.87 million, (3) amount due from the customer on construction contract of RMB22.33 million and (4) RMB8.21 million of advance payment to shipyard in relation to project management and consultancy services. The

increase in trade receivables was mainly due to trade receivables from the newly acquired Deltamarin Group and the amount due from the customer on construction contract as at 30 September 2013.

The Group's other receivables as at 30 September 2013 comprised mainly prepayments, other tax recoverable, staff advances and deposits. The increase in other receivables was mainly due to the prepayment of Finnish pension insurance premium and business expense as at 30 September 2013.

The Group's plant and equipment comprised a motor vehicle, computers and software, furniture and fixtures, and office equipment. The increase in plant and equipment of RMB2.90 million was mainly attributed to the inclusion of the newly acquired Deltamarin Group.

The investment in associates as at 30 September 2013 represents the total amount of investment in non-controlling entities by the newly acquired Deltamarin Group.

The available for sale investments amounting to RMB0.39 million consist of both unquoted and quoted equity instruments held through Deltamarin Group as at 30 September 2013.

The intangible assets represent the ship design engineering software licenses from the newly acquired Deltamarin Group as at 30 September 2013.

The Group's provisional goodwill amounting to RMB157.43 million was recognised from the acquisition of Deltamarin Group. Such provisional goodwill will be subsequently adjusted upon the completion of the Purchase Price Allocation exercise within 1 year of the acquisition.

The Deferred tax assets represent the timing differences between accounting and tax bases, and are derived from the newly acquired Deltamarin Group.

Current portion of long term loan represents the loan raised which has been explained in 1(b)(ii)(C) 4.

The Group's trade payables consists of (1) the amount due to suppliers of Deltamarin Group amounting to RMB8.60 million, (2) amounts payable related to percentage of completion based contract of Deltamarin Group amounting to RMB7.05million. The increase of the Group's trade payables was mainly due to the trade payables from the newly acquired Deltamarin Group.

The Group's advance received represent amounts received on behalf of third party shipyards for the purpose of acquiring tools and equipment. The increase in advance received was mainly due to less amount having been paid to the supplier of tools and equipment during the financial period.

The Group's other payables comprised withholding taxes payable, sales tax and surcharges payable, accrued operating and office expenses, and amounts due to the Company's immediate and intermediate holding companies which was non-trade in nature. The increase in other payable balance was mainly due to the increase in advances from the immediate holding company and accrued operating and office expenses from the newly acquired Deltamarin Group during the financial period.

The current portion of finance lease liabilities represents the leasing liabilities of office equipment such as computers, laptops and monitors in the newly acquired Deltamarin Group.

The provision for income tax payable represents 25% and 24.5% of tax provision for profit generated by our subsidiaries in China and Finland respectively.

Long-term portion of loan and shareholder's loan represents the loan raised which have been explained in 1(b)(ii)(C)2,(C)3 and (C)4.

The non-current portion of finance lease liabilities represents the long term leasing liabilities of office equipment such as computers, laptops and monitors in the newly acquired Deltamarin Group.

Deferred tax liabilities represent the tax liabilities for the timing differences arising from the recognition of the ship-design fee income from Deltamarin Group.

The amount of capital reserve as at 30 September 2013 represents a deemed contribution from the immediate holding company as a result of initially measuring the shareholder's loan at fair value. The

increase in capital reserve in 9M2013 was due to an additional US\$3,250,000 interest free loan from AVIC Kairong.

### **Consolidated cash flow statements**

RMB27.37 million cash was used in operating activities in 3Q2013, compared to cash outflow of RMB14.45 million in 3Q2012. The increase in cash outflow was attributed mainly to the reduction of trade payable amounting to RMB 46.39 million, partially offset by the increase in receipts of advanced payments amounting to RMB8.56 and decrease in trade receivables in 3Q2013.

RMB1.44million was used in investing activities in 3Q2013, mainly due to the purchase of new plant and equipment as well as intangible assets during the period. In 9M2013, RMB41.48 million was generated from investing activities, mainly due to the net cash inflow from completion of the acquisition of Deltamarin and was partially offset by the purchase of new plant and equipment and intangible assets during the period.

In 3Q2013, RMB1.71million net cash was used in financing activities as a result of the interest paid. In 9M2013, RMB24.09 million net cash was generated from financing activities as a result of new loans raised and the decrease in pledged deposit which was partially offset by interest paid.

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

No forecast was given in our results announcements since the date of Company's admission into Mainboard of SGX-ST ("Result Announcements"). The 3Q2013 results are in line with the general commentary stated in Paragraph 10 of our past Results Announcements and past announcements released by the Company.

**10 A commentary at the date of the announcement of the significant trends and 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 recent market uncertainties in China and Europe have seen financial institutions reduce the amount of shipping loans granted, thereby constraining the ability of ship-owners to construct new vessels. As part of the state-owned AVIC Group, we enjoy strong support from the PRC domestic financial institutions, which allows us to assist the shipyards that we are working with in obtaining loans or procure the issuance of refund guarantees by banks, as well as assist the ship-owners in obtaining financing, when required.

Despite the challenging business environment in China's shipbuilding industry, the Group remains optimistic about the prospects of the global marine and offshore industry, particularly in the area of environmentally-friendly and fuel-efficient vessels. We are seeing more demand from these areas and we are confident that the acquisition of Deltamarin will put us in good stead.

Moving forward, the Group will continue to expand its capabilities along the ship-design, shipbuilding and ship-trading related businesses value chain, which will in turn contribute to its growth strategy to become a dominant player in the global shipping industry.

**11 Dividend**

**(a) Whether an interim (final) ordinary dividend has been declared (recommended)**

None.

**(b) Corresponding Period of the Immediately Preceding Financial Year**

None.

**(c) The date the Dividend is payable**

Not applicable.

**(d) Books closure date**

Not applicable.

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

No interim dividend has been declared or recommended for the quarter ended 31 March 2013.

**13 Summary of Interested Person Transactions**

|   | <b>Aggregate value of all<br/>interested person<br/>transactions during the<br/>financial year under<br/>review (excluding<br/>transactions less than<br/>S\$100,000 and<br/>transactions conducted<br/>under shareholders'<br/>mandate pursuant to<br/>Rule 920)</b> | <b>Aggregate value of all<br/>interested person<br/>transactions<br/>conducted under<br/>shareholders'<br/>mandate pursuant to<br/>Rule 920 (excluding<br/>transactions less than<br/>S\$100,000)</b> |
|---|---|---|
|   | <u>(RMB'000)</u>  | <u>(RMB'000)</u>  |
| <u>1 Jul 2013 to 30 Sep 2013</u>  |   |   |
| Service fee income from<br>AVIC International Beijing Co., Ltd<br>("AVIC Beijing") (Note B) | 1,631   | -   |
| Service fee income from AVIC Beijing (Note C)   | 2,381   |   |
| Interest expenses to AVIC Kairong (Note D)  | 317   | -   |
| Management fee income from CATICO (Note<br>E)   | -   | 2,934   |
| <u>1 Jul 2012 to 30 Sep 2012</u>  |   |   |
| Service fee income from AVIC Beijing  | 239   | -   |
| Service fee income from CATIC   | 7,876   | -   |

Note:

(A) The amounts of the transactions are before sales taxes and surcharges.

(B) The details of the interested person transactions are disclosed on page 97 and 98 of the Information Memorandum.

(C) Novation Arrangement

Unless otherwise defined, terms used in this section shall bear the same meaning ascribed to them in the information memorandum of the Company dated on 10 August 2011 (the "Information Memorandum").



For AVIC Group's internal projects/resources consolidation purposes, AVIC Kaixin (Beijing) Ship Industry Co., Ltd., a wholly-owned subsidiary of the Company, had on 6 August 2012 entered into a novation agreement ("Novation Agreement") with CATIC and AVIC International Beijing (the majority shareholder of the Company), pursuant to which CATIC will novate all its rights and obligations under a Sale and Purchase Agreement (as disclosed on page 98 of the Information Memorandum) to AVIC International Beijing and the salient terms and conditions of the Sale and Purchase Agreement remain unchanged.

The Novation Agreement is not expected to have any material impact on the earnings per share and net tangible assets of the Company.

- (D) The details of the interest expenses to AVIC Kairong are disclosed in **1(b)(ii)(C)2.** of the announcement.
- (E) AVIC International Offshore Pte Ltd ("AIO"), a wholly-owned subsidiary of the Company, has entered into 2 management service agreements (the "**Management Agreement**") with CATICO Investments Pte Ltd ("CATICO") on 05 July 2013 and 26 July 2013 respectively, pursuant to which the management fee of an aggregate amount of USD0.50 million and USD0.41 million (the "Management Fee", before sales taxes and surcharges) is payable to AIO from CATICO.

These management agreements is for the service period from 05 July 2013 to 31 December 2013 and from 26 July 2013 to 31 December 2013 with service to be provided such as as marketing/sales, administration and management of shipbuilding contracts for 3 vessels (one unit of 85M Hybrid Design Anchor Handling Tug/Supply/Oil Recovery Vessel and two units of 86M Diesel-Electric Platform Supply/Oil Recovery Vessels) and project management services for another 2 units 78M platform supply/oil recovery vessel.

The Company had on 25 April 2013 obtained its shareholders' approval for the adoption of the IPT Mandate in respect of certain categories of transactions that the Group may, in the ordinary course of business, enter into with any member of the AVIC Group. In this regard, the Service Agreement has been entered into pursuant to the authority conferred under the IPT Mandate in accordance with the guidelines and review procedures for interested person transactions as disclosed in the IPT Mandate.

#### **14 Update on utilisation of Placement Proceeds**

Based on the Placement Price of S\$0.285 and the 53,576,000 Placement Shares subscribed for, the net proceeds raised from the Placement are approximately S\$10.6 million (after deducting listing expenses approximately S\$4.7 million). The net proceeds will be used for the same purposes as set out on page 19 of the Offer Information Statement in the following proportion:

- (i) approximately S\$8.0 million to partly finance acquisition; and
- (ii) the balance of approximately S\$2.6 million for our working capital purposes and any future acquisitions, joint ventures and strategic alliances.

As at 30 September 2013, the Group has not started to utilise the Placement Proceeds.

#### **15 Update on the consolidation of the shipbuilding and ship-trading related businesses**

The management of the Group is in the process of negotiating with the relevant parties in relation to the proposed consolidation of the shipbuilding and ship-trading related businesses from AVIC International and its subsidiaries as disclosed in the Company's Information Memorandum dated 10 August 2011. The Company will make announcements on the matter via SGXNET as and when appropriate. As at the date of this announcement, the terms and conditions of the proposed consolidation have not been determined.

#### **16 Confirmation of the Board**

The directors of the Company have confirmed that, to the best of their knowledge, nothing has come to the attention of the board of directors which may render the unaudited financial results for the three months ended 30 September 2013 to be false or misleading in any material aspect.

*DMG & Partners Securities Pte Ltd (“DMG”) was the financial adviser to AVIC International Maritime Holdings Limited (formerly known as AVIC International Investments Limited) in relation to its listing on the Singapore Exchange Securities Trading Limited. DMG assumes no responsibility for the contents of this announcement.*

**On Behalf of the Board of Directors**

Diao Weicheng

Executive Chairman and Interim Chief Executive Officer

12 November 2013