



AVIC INTERNATIONAL MARITIME HOLDINGS LIMITED

(formerly known as AVIC International Investments Limited)

(Company Registration No. 201024137N)

Singapore Address: 9 Raffles Place, #52-01 Republic Plaza, Singapore 048619

Tel: (65) 6632 5688 Fax: (65) 6632 5698

AVIC back in the black for 2Q2014 with a net profit of RMB6.2 million

- Ship design business segment revenue remains stable; M&C services revenue grew 48.5% to RMB9.0 million
- Overall turnover dampened by one-off shipbuilding project
- Positive outlook for the Group based on ship design segment winning new orders worth more than RMB100 million for 1H2014 and also as the Group secured more M&C services contracts recently

SINGAPORE, 11 August 2014 – SGX Mainboard-listed marine and offshore listed company, AVIC International Maritime Holdings Limited (“**AVIC Maritime**” or “**中航国际船舶控股有限公司**”), and together with its subsidiaries, the “**Group**”), an integrated marine and offshore one-stop solution provider under the AVIC Group, saw its business return to profitability with a net profit of RMB6.2 million for its second quarter ended 30 June 2014 (“**2Q2014**”).

Dr DiaoWeicheng (刁伟程), AVIC Maritime’s Executive Chairman commented, “**We are happy to see our profit back in the black for this quarter and we believe that this sets a solid foundation for us to build our earnings on for the rest of the year. Our strategy to diversify our business to provide a one-stop service has proven to be helpful during challenging times. We will continue to strengthen our professional competencies to remain competitive in the industry**”.

Financial Highlights

RMB'000	2Q2014	2Q2013	Chg %	1H2014	1H2013	Chg%
Revenue	43.8	142.5	(69.3)	149.3	256.4	(41.8)
- <i>Management and consultancy service (“M&C”) fee</i>	8.5	6.1	39.3	11.9	11.3	5.3
- <i>Management service fee</i>	5.6	-	n.m.	9.5	-	n.m.
- <i>Shipbuilding revenue</i>	(45.3)	59.1	n.m.	(14.7)	94.2	n.m.
- <i>Ship-design fee income</i>	75.0	77.3	(3.0)	138.8	150.9	(8.0)
- <i>Other income</i>	-	-	-	3.8	-	n.m.
Cost of sales	4.6	(102.4)	n.m.	(69.1)	(178.8)	(61.4)
Gross Profit	48.4	40.1	20.7	80.2	77.6	3.4
Gross Profit Margin (%)	110.5	28.1	82.4 pp*	53.7	30.3	23.4 pp*
Marketing and distribution expenses	(7.7)	(7.1)	8.5	(16.5)	(13.0)	26.9
Administrative expenses	(29.5)	(24.4)	20.9	(54.6)	(51.4)	6.2
Finance cost	(3.5)	(3.0)	16.7	(6.7)	(6.0)	11.7
Profit for the period	6.2	(9.3)	n.m.	1.5	(10.1)	n.m.

* pp: percentage points



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The Group registered total revenue of RMB43.8 million for 2Q2014 due to contributions mainly from its M&C, management, and ship-design income. The Group's income from the M&C business segment increased 40.1% year-on-year (yoy) to RMB8.5 million from RMB6.1 million due to steady growth of the company's business. In addition, the Group enjoyed an additional income of RMB5.6 million from its management service from the provision of marketing, administration and management services. Its ship-design business remained relatively steady with a slight 3.0% decrease to RMB75.0 million from RMB77.3 million for 2Q2014.

Due to the delay in completion of a shipbuilding agreement with an Iraqi shipowner for some service vessels, it was agreed by the contracting parties to exclude certain contract sum and to reduce the Group's contract price upon delivery of the vessels. Accordingly, the relevant amount was recomputed and adjustment made to the shipbuilding revenue and cost of sales in the current financial period ended 30 June 2014.

Other operating income grew 620.1%, while other operating expenses declined significantly by RMB10.2 million due to foreign exchange gain arising from a long term loan denominated in Euro.

The Group's operating expenses rose on the back of an increase mainly in marketing and distribution expenses and administrative expenses. Marketing and distribution expenses increased 8.5%yoy to RMB7.7 million for 2Q2014 from RMB7.1 million for 2Q2013. This hike is mainly due to extended business activities in AISD Shanghai. Administrative expenses increased 20.9% to RMB29.5 million mainly attributed by an increase in employee benefits, depreciation and amortisation expenses, and other operating expenses.

Outlook

Commenting on AVIC Maritime's outlook and strategies, Dr DiaoWeicheng, Executive chairman of the Group said, **"Amidst the tepid industry environment, we see signs of recovery as we witness a steady increase in our ship design order book and higher volume of M&C service enquiries. For the first half of this year, we have secured new ship design contracts amounting to over RMB100 million.**

On the other hand, we are seeing a healthy inflow of agency services business. We took part in Chinese government's overseas visit to Greece in June and successfully clinched a shipbuilding deal, which is worth more than USD200 million, with a third-party shipbuilding partner, TaizouKouan Shipbuilding ("TaizouKouan"). We will be providing M&C services for this project while TaizouKouan will be undertaking the shipbuilding. In addition, the Group has won an order from Chemical Transportation Group, Inc. to build 5 units of 25,000 DWT stainless steel chemical tankers worth approximately USD200 million. Similarly, the Group will provide services for this project while the shipbuilding will be undertaken by AVIC Dingheng shipbuilding Co., Ltd., a shipyard related to the Group.

Furthermore, we are witnessing an increasing demand for environmentally-friendly and fuel-efficient vessels. With the acquisition of Deltamarin, which has a proven



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track record in innovating and producing sustainable ship designs, we are well-positioned to capture the market as the industry slowly recovers and moves towards Eco-ships.”

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About AVIC

*Established in 1994 and listed on SGX Mainboard since September 2011, AVIC International Maritime Holdings Limited (“**AVIC Maritime**” or collectively known as the “**Group**”) is an integrated marine and offshore solution provider under the AVIC Group. The Group offers a wide spectrum of services, ranging from shipbuilding, management and consultancy (“**M&C**”), design and engineering to ship trading related businesses. Over the decades, AVIC Maritime has maintained a strong track record and built many strong relationships with reputable ship-owners.*

*In January 2013, the Group acquired Deltamarin Ltd. (“**Deltamarin**”), a Finnish design and engineering firm, innovative leader in naval architecture and engineering. Deltamarin’s capability in developing profitable, sustainable and cost-efficient vessel helps strengthen AVIC Maritime’s foothold in ship design, shipbuilding and ship trading related businesses.*

The AVIC Group is one of China’s largest industrial state-owned-enterprise, which is also ranked amongst Fortune Global 500 companies in 2013. As a subsidiary of the AVIC Group, AVIC Maritime is able to leverage on AVIC Group’s extensive financial and business network to become a key player in the global marine and offshore industry.

For more information, please visit: <http://www.avicintl.com.sg>

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