



**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 Maritime increased revenue and profit in 3Q2014

- Revenue increased 41.2% yoy in 3Q2014 to RMB145.7 million
- Competitive business environment deflated profit margin in some business segment
- Group to continue diversifying its business to minimize business risks amidst challenging industry environment

**SINGAPORE, 13 November 2014** – SGX Mainboard-listed , AVIC International Maritime Holdings Limited (“AVIC Maritime” , or the “ Company” ,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, reported a net profit of RMB1.8 million for its third quarter ended 30 September 2014 (“3Q2014”).

### Financial Highlights

RMB'mil	3Q2014	3Q2013	Chg %	9M2014	9M2013	Chg%
<b>Revenue</b>	145.7	103.2	41.2	295.0	359.6	(18.0)
- <i>Management and consultancy service (“M&amp;C”) fee</i>	3.4	4.5	(24.6)	15.3	15.8	(3.2)
- <i>Management service fee</i>	5.5	2.9	88.9	15.0	2.9	419.7
- <i>Shipbuilding revenue</i>	41.6	33.1	25.8	26.9	127.2	(78.8)
- <i>Ship-design fee income</i>	49.0	62.8	(22.0)	187.7	213.7	(59.4)
- <i>Other income</i>	46.3	-	n.m.	50.1	-	n.m.
<b>Cost of sales</b>	(118.0)	(60.2)	95.9	(187.0)	(239.1)	(21.8)
<b>Gross Profit</b>	27.8	43.0	(35.4)	108.0	120.5	(10.4)
<b>Gross Profit Margin (%)</b>	19.0	41.7	(22.7) pp*	36.6	33.5	3.1 pp*
<b>Marketing and distribution expenses</b>	(6.0)	(8.0)	25.2	(22.4)	(20.9)	7.1
<b>Administrative expenses</b>	(27.5)	(24.8)	10.7	(82.1)	(76.3)	7.6
<b>Finance cost</b>	(3.5)	(3.0)	17.9	(10.3)	(9.0)	14.2
<b>Profit for the period</b>	1.8	(2.6)	n.m.	3.3	(12.7)	n.m.

\* pp: percentage points

The Group registered revenue growth of 41.2% year-on-year (yoy) to RMB145.7 million for 3Q2014 due to higher contributions from its management service, shipbuilding and other income segments. Revenue from management service fee increased 88.9% to RMB5.5 million as the Group expanded this business. Shipbuilding revenue increased 25.8% to RMB41.6 million mainly due to the marine EPC projects secured during 3Q2014. Revenue from ship-related steel trading business under other income was RMB46.3 million for 3Q2014 (and this business did not have revenue in 3Q2013). The revenue growth from these segments was partially offset by revenue declines in the ship-design fee and M&C



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business segments. The ship-design fee reduced in 3Q2014 by 22.0% to RMB49.0 million mainly due to variations in project progress achieved in the quarter.

### **Contract Wins**

One of the Group's wholly-owned subsidiaries, AVIC International Ship Development (China) Ltd., successfully secured orders for 9 vessels, comprising 2 units of 4,900DWT Asphalt Tankers, 5 units of 25,000DWT Chemical Tankers, and 2 units of 15,000DWT Chemical Tankers during the quarter. The Group will be providing M&C services to facilitate construction, procurement, and marine finance arrangement for these vessels, which are expected to be delivered by 2018. Also, over the last three months, Deltamarin has secured more than 30 design contracts with a running order book of approximately RMB120 million.

**Outlook**The Group will continue to diversify its businesses in order to mitigate risks arising from uncertainties in the global shipping industry. In August 2014, Deltamarin established Deltamarin Floating Construction Ltd. to provide marine EPC services to capitalize on the opportunities available. The Group believes that the combination of Deltamarin's design expertise and its vast experience in contract management and project financing will give the Group a good edge in winning new projects.

Recently, Delta-AVIC, a subsidiary incorporated to combine Deltamarin's design capability with AVIC's project management and financing experience, has secured the Group's first scrubber EPC order. The system has already received certification from Germanischer Lloyd, marking the Group's entry into the international market as a provider of scrubber systems for ships. The Group will continue to work closely with Deltamarin to undertake more challenging project that requires advance ship-design capability.

As the global shipping industry embarks on its slow gradual recovery, the Group sees improving demand in the market for cape-size, handy-size and for ultra-size vessels. Also, there is a clear global trend that more vessel owners are moving towards bigger and more fuel-efficient vessels. In line with the recovery, some Chinese shipyards have started to get new build orders for bigger vessels.

The Group believes that some policy initiatives from the Chinese Government will have positive influence on the Group's business. Among the policy initiatives is the shipbuilding industry structure reform plan released by the China State Council last year. In September 2014, the Ministry of Industry and Information Technology of China published the first "white list" of the 51 shipyards and these qualified Chinese shipbuilders will benefit from favourable policy supports that include bank credit and subsidies. The list includes 22 Chinese state-owned shipyards. A shipyard under the AVIC Group, and one which the Group works with has been included in the "white list".



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Mr Diao Weicheng, Executive Chairman of AVIC Maritime commented, **“Moving forward, we hope to play a more active role in China’s shipbuilding industry. In September, we signed a strategic partnership agreement with the Chinese Classification Society (“CCS”). The objective of this partnership is to help to promote our brand name in the shipbuilding industry. We will continue to enhance our brand recognition through active marketing activities in anticipation of the industry recovery.”**

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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 years, 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 ranking amongst the 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>*

### **Contact Information**

Financial PR Pte Ltd.

Charlotte Fu /Yit Sung Ngo / Romil Singh

Investor Relations Consultants

Tel: 65-6438 2990 / Fax: 65-6438 0064

Email: [staff@financialpr.com.sg](mailto:staff@financialpr.com.sg)