



**AVIC INTERNATIONAL MARITIME HOLDINGS LIMITED**  
*(formerly known as AVIC International Investments Limited)*

(Company Registration No. 201024137N)

**UNAUDITED FINANCIAL STATEMENTS AND ANNOUNCEMENT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014**

**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 Fourth Quarter and Full Year ended 31 December 2014

	Fourth Quarter			Full Year		
	Group 1 Oct 14 to 31 Dec 14	Group 1 Oct 13 to 31 Dec 13	Change	Group 1 Jan 14 to 31 Dec 14	Group 1 Jan 13 to 31 Dec 13	Change
	(RMB'000)	(RMB'000)	%	(RMB'000)	(RMB'000)	%
Revenue	160,059	241,687	(34)	455,058	601,306	(24)
Cost of sales	(102,164)	(165,228)	(38)	(289,205)	(403,027)	(28)
Gross profit	57,895	76,459	(24)	165,853	198,279	(16)
Other operating income	5,273	2,845	85	25,104	4,264	489
Marketing and distribution expenses	(6,944)	(6,243)	11	(29,359)	(27,061)	8
Administrative expenses	(38,426)	(35,686)	8	(120,527)	(112,819)	7
Finance cost	(5,690)	(4,316)	32	(15,951)	(13,304)	20
Other operating expenses	(526)	(8,674)	(94)	(528)	(25,975)	(98)
Share of results of associates	47	(909)	N/M	(378)	(2,173)	(83)
Profit/(Loss) before income tax	11,629	23,476	(50)	24,214	21,211	14
Income tax expense	2,262	(4,821)	N/M	(7,018)	(15,258)	(54)
Profit/(Loss) for the period	13,891	18,655	(26)	17,196	5,953	189
<u>Profit attributable to:</u>						
Owner of the company	13,301	17,870	(26)	14,441	2,120	581
Non-controlling interests	590	785	(25)	2,755	3,833	(28)
Profit/(Loss) for the period	13,891	18,655	(26)	17,196	5,953	189

	Fourth Quarter			Full Year		
	Group	Group	Change	Group	Group	Change
	1 Oct 14 to 31 Dec 14	1 Oct 13 to 31 Dec 13		1 Jan 14 to 31 Dec 14	1 Jan 13 to 31 Dec 13	
(RMB'000)	(RMB'000)	%	(RMB'000)	(RMB'000)	%	
<u>Other comprehensive income/(loss)</u>						
Exchange differences arising on translation	3,366	8,636	(68)	(16,544)	22,545	N/M
Total comprehensive profit/(loss) for the period	17,257	27,291	(37)	652	28,498	(98)
<u>Total comprehensive profit/(loss) attributable to:</u>						
Owner of the company	18,964	26,256	(30)	4,083	24,682	(83)
Non-controlling interests	(1,707)	1,035	N/M	(3,431)	3,816	N/M
	17,257	27,291	(37)	652	28,498	(98)

**1(a)(ii) Notes to the Consolidated Statement of Comprehensive Income for the Fourth Quarter and Full Year ended 31 December 2014**

	Fourth Quarter			Full Year		
	Group	Group	Change	Group	Group	Change
	1 Oct 14 to 31 Dec 14	1 Oct 13 to 31 Dec 13		1 Jan 14 to 31 Dec 14	1 Jan 13 to 31 Dec 13	
(RMB'000)	(RMB'000)	%	(RMB'000)	(RMB'000)	%	
Interest income	1,908	932	105	3,086	2,351	31
Government grant	4,000	563	610	4,000	563	610
Net foreign exchange gain/(loss)	(1,058)	(7,976)	(87)	17,305	(24,632)	N/M
Interest expenses on borrowings	(2,895)	(3,022)	(4)	(11,561)	(11,571)	N/M
Operating lease expenses	(3,993)	(3,871)	3	(16,906)	(15,166)	11
Depreciation of plant and equipment	(875)	(1,172)	(25)	(3,565)	(3,912)	(9)
Fixed assets written off	-	(79)	N/M	(57)	(218)	(74)
Amortisation of intangible assets	(1,711)	(2,942)	(42)	(5,619)	(3,712)	51
Bad debts Written off	-	(414)	N/M	-	(1,043)	N/M
Allowance for doubtful trade receivable	(313)	-	N/M	(313)	-	N/M
Gain on disposal of available for sales investments	-	189	N/M	-	189	N/M
Loss on disposal of associate	(213)	-	N/M	(213)	-	N/M

N/M – Not meaningful  
when differences +/- greater than 1000%

**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 31 December 2014**

	Group		Company	
	31 Dec 2014 (RMB'000)	31 Dec 2013 (RMB'000)	31 Dec 2014 (RMB'000)	31 Dec 2013 (RMB'000)
<b>Assets</b>				
<u>Current assets</u>				
Cash and cash equivalents	208,763	403,234	10,373	6,683
Pledged cash placed with a bank	92,475	49,540	-	-
Trade receivables	220,917	109,087	-	-
Other receivables	79,391	12,399	335	165
Amount due from subsidiaries	-	-	2,089	7,507
Inventory	481	-	-	-
	<b>602,027</b>	<b>574,260</b>	<b>12,797</b>	<b>14,355</b>
<u>Non-current assets</u>				
Plant and equipment	8,094	7,594	10	52
Investment in subsidiaries	-	-	393,143	407,854
Investment in associates	405	1,060	-	-
Available for sale investments	49	55	-	-
Goodwill	109,203	120,891	-	-
Intangible assets	98,381	96,164	-	-
Deferred tax assets	497	557	-	-
	<b>216,629</b>	<b>226,321</b>	<b>393,153</b>	<b>407,906</b>
<b>Total assets</b>	<b>818,656</b>	<b>800,581</b>	<b>405,950</b>	<b>422,261</b>
<u>Current liabilities</u>				
Current portion of long term loan	136,030	66,990	136,030	66,990
Short term loan	9,289	-	-	-
Trade payables	49,905	30,243	-	-
Advance received	38,744	39,103	-	-
Other payables and accruals	85,201	77,351	23,174	18,221
Finance lease liabilities	967	1,018	-	-
Income tax payable	1,377	6,836	-	-
	<b>321,513</b>	<b>221,541</b>	<b>159,204</b>	<b>85,211</b>
<u>Non-current liabilities</u>				
Long-term loan	228,239	309,552	209,007	291,032
Finance lease liabilities	806	838	-	-
Deferred tax liabilities	22,039	26,127	-	-
Other non-current liabilities	3,735	-	-	-
	<b>254,819</b>	<b>336,517</b>	<b>209,007</b>	<b>291,032</b>
<b>Total liabilities</b>	<b>576,332</b>	<b>558,058</b>	<b>368,211</b>	<b>376,243</b>

	<b>Group</b>		<b>Company</b>	
	<b>31 Dec 2014</b> (RMB'000)	<b>31 Dec 2013</b> (RMB'000)	<b>31 Dec 2014</b> (RMB'000)	<b>31 Dec 2013</b> (RMB'000)
<b>Capital and reserves</b>				
Share capital	101,237	101,237	101,237	101,237
Capital reserve	12,470	12,470	10,603	10,603
Statutory reserve	11,988	10,209	-	-
Translation reserve	10,913	21,231	(4,146)	(2,782)
Accumulated profits/(losses)	55,531	42,868	(69,955)	(63,040)
	<b>192,139</b>	<b>188,015</b>	<b>37,739</b>	<b>46,018</b>
<b>Non-controlling interests</b>	<b>50,185</b>	<b>54,508</b>	-	-
<b>Total equity</b>	<b>242,324</b>	<b>242,523</b>	<b>37,739</b>	<b>46,018</b>
<b>Total Equity and Liabilities</b>	<b>818,656</b>	<b>800,581</b>	<b>405,950</b>	<b>422,261</b>

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

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

<b>As at 31 Dec 2014</b>	
Secured (RMB'000)	Unsecured (RMB'000)
967	145,319

<b>As at 31 Dec 2013</b>	
Secured (RMB'000)	Unsecured (RMB'000)
1,018	66,990

(B) Amount repayable after one year

<b>As at 31 Dec 2014</b>	
Secured (RMB'000)	Unsecured (RMB'000)
806	228,239

<b>As at 31 Dec 2013</b>	
Secured (RMB'000)	Unsecured (RMB'000)
838	309,552

(C) Details of any collaterals

1. 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 USD24,000,000 ("Principal Sum") with a term of three years (maturing on 27 August 2015). 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 USD612,000 ("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 2011. The terms of repayment will be negotiated six months before the end of the loan tenure.
2. On 8 April 2013, the Company and AVIC Kairong entered into a supplementary agreement, in which both parties agreed that in relation to the repayment of the loan principal of USD24,000,000, the Company will repay the principal loan amount at SGD29,769,600, based on the exchange rate of 1.2404 against USD. With effect from 1 April 2013, the principal interest will remain unchanged at 0.85% and will be payable 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 USD3,250,000 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. During the year, the Group repaid an outstanding Euro loan from ICBC bank with remaining amount balances of EUR23,400,000 (31 December 2013:EUR23,400,000) in advance, together with a 6 months interest free loan of EUR2,800,000 from AVIC Kairong.
5. On 5 November 2014, the Group obtained a three years loan amounting to SGD45,000,000 from BOC Bank secured by the corporate guarantee of AVIC International Holding Limited, an inter-mediate holding company of the Group. The principal of loan is due to be repaid in three years from the date of the loan drawdown. The loan carries floating interest rate of 2.00% per annum over SIBOR. The loan was obtained mainly to refinance the acquisition of Deltamarin Oy, the details of which are set out in the circular to Shareholders dated 10 December 2012.
6. During the year, the Group entered into a revolving credit facility arrangement with OCBC Bank for a limit of SGD17,900,000. In January 2014, the Group had drawn down SGD2,000,000, to be rolled every 3 months. The loan carries a floating interest rate of 1.62% over the Swap Offer Rate (SGD). As at 31 December 2014, the principal loan amount of SGD2,000,000 remains outstanding, and is due within 12 months.
7. As at 31 December 2014, certain plant and equipment with carrying amount of EUR233,475 or RMB 1,744,247 equivalent (31 December 2013: EUR216,894 or RMB1,825,076) 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 Fourth Quarter ended 31 December 2014

	Fourth Quarter		Full Year	
	Group 1 Oct 14 to 31 Dec 14 (RMB'000)	Group 1 Oct 13 to 31 Dec 13 (RMB'000)	Group 1 Jan 14 to 31 Dec 14 (RMB'000)	Group 1 Jan 13 to 31 Dec 13 (RMB'000)
<b>Operating activities</b>				
Profit/(Loss) before income tax	11,629	23,476	24,214	21,211
Adjustments for:				
Share of results of associates	(47)	909	378	2,173
Interest income	(1,908)	(932)	(3,086)	(2,351)
Interest expenses	2,895	3,022	11,561	11,571
Depreciation of plant and equipment	875	1,172	3,565	3,912
Amortisation of intangible assets	1,711	2,942	5,619	3,712
Plant and equipment written off	-	79	57	218
Loss on disposal of associate	213	-	213	-
Allowance for doubtful trade receivable	313	-	313	-
Gain on disposal of available for sales investments	-	(189)	-	(189)
Bad debt written off	-	414	-	1,043
Fair value change of derivative financial Instruments	-	(18)	-	84
Net foreign exchange unrealised(gain)/loss	2,046	8,549	(18,534)	21,549
Operating cash flows before movements in working capital	17,727	39,424	24,300	62,933
Trade receivables	(53,612)	(2,960)	(130,822)	(42,645)
Other receivables	(14,456)	1,745	(68,167)	3,842
Trade payables	9,848	9,664	23,633	(27,768)
Advance received	(66,367)	(3,797)	(359)	15,812
Other payables and accruals	25,479	26,004	11,595	31,798
Inventory	(481)	-	(481)	-
Cash (used in) from operations	(81,862)	70,080	(140,301)	43,972
Income taxes paid	4,977	(5,229)	(14,322)	(9,109)
Interest received	1,908	932	3,086	2,351

	Fourth Quarter		Full Year	
	Group	Group	Group	Group
	1 Oct 14 to 31 Dec 14 (RMB'000)	1 Oct 13 to 31 Dec 13 (RMB'000)	1 Jan 14 to 31 Dec 14 (RMB'000)	1 Jan 13 to 31 Dec 13 (RMB'000)
Net cash (used in) from operating activities	(74,977)	65,783	(151,537)	37,214
<b>Investing activities</b>				
Purchase of plant and equipment (Note A)	(723)	(1,873)	(3,380)	(3,596)
Net cash inflow on acquisition of a subsidiary	-	-	-	44,346
Proceeds from disposal of Available-for-sale assets	-	461	-	461
Additional investment in associate	(1)	-	(1)	-
Purchase of intangible assets (Note B)	-	(513)	(12,659)	(1,653)
Net cash (used in) from investing activities	(724)	(1,925)	(16,040)	39,558
<b>Financing activities</b>				
Proceeds from shareholder's loan	-	22,545	-	43,238
(Increase)/Decrease in pledged bank deposit	(9,874)	(49,540)	(42,934)	(41,504)
Repayment of loan	(196,121)	(21,857)	(196,121)	(21,857)
New bank loan raised	208,502	-	218,296	200
Interest paid	(1,986)	(1,595)	(6,032)	(6,439)
Repayment of finance lease	(910)	-	(1,629)	-
Net cash (used in) from financing activities	(389)	(50,447)	(28,420)	(26,362)
Net increase/(decrease) in cash and cash equivalent	(76,090)	13,411	(195,997)	50,410
Effect of exchange rate changes on the balance of cash held in foreign currencies	499	(735)	1,526	(2,438)
Cash and cash equivalents at beginning of the financial period	284,354	390,558	403,234	355,262
<b>Cash and cash equivalents at end of the financial period</b>	<b>208,763</b>	<b>403,234</b>	<b>208,763</b>	<b>403,234</b>

Note A: Purchase of plant and equipment

During 4Q2014, the Group acquired property, plant and equipment with an aggregate cost of approximately RMB787,000 (4Q2013: RMB1,951,000) of which RMB64,000 (4Q2013: RMB78,000) were acquired by means of finance leases, and cash payment of RMB723,000 (4Q2013: RMB1,873,000) were made to purchase property, plant and equipment.

During FY2014, the Group acquired property, plant and equipment with an aggregate cost of approximately RMB4,857,000 (FY2013:RMB3,849,000) of which RMB1,477,000 (FY2013: RMB253,000) were acquired by means of finance leases. Cash payment of RMB3,380,000 (FY2013:RMB3,596,000) were made to purchase property, plant and equipment.

Note B: Purchase of intangible assets

During FY2014, the Group acquired intangible assets with an aggregate cost of approximately RMB18,262,000 (FY2013: RMB1,653,000) of which RMB5,603,000 (FY2013: Nil) are to be paid in 3 tranches from 2015 to 2017. Cash payment of RMB12,659,000 (FY2013: RMB1,653,000) were made to acquire intangible assets.

**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 capital	Capital reserve	Statutory reserve	Translation reserve	Accumulated profits/ (losses)	Equity attributable to owners of the Company	Non- controlling interests	Total equity
	(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 2014</b>	101,237	12,470	10,209	21,231	42,868	<b>188,015</b>	54,508	<b>242,523</b>
Total comprehensive income /(loss) for the period								
Profit/(loss) for the period	-	-	-	-	1,139	<b>1,139</b>	2,167	<b>3,306</b>
Other comprehensive income/( loss)	-	188	-	(15,499)	-	<b>(15,311)</b>	(3,769)	<b>(19,080)</b>
<b>Balance at 30 Sep 2014</b>	101,237	12,658	10,209	5,732	44,007	<b>173,843</b>	52,906	<b>226,749</b>
Total comprehensive income /(loss) for the period								
Profit/(loss) for the period	-	-	-	-	13,303	<b>13,303</b>	587	<b>13,890</b>
Other comprehensive income/( loss)	-	(188)	-	5,181	-	<b>4,993</b>	(2,417)	<b>2,576</b>
Dividend	-	-	-	-	-	-	(891)	<b>(891)</b>
Transfer to statutory reserve	-	-	1,779	-	(1,779)	-	-	-
<b>Balance at 31 Dec 2014</b>	101,237	12,470	11,988	10,913	55,531	<b>192,139</b>	50,185	<b>242,324</b>

Statement of Changes in Equity

	Share capital	Capital reserve	Statutory reserve	Other reserve	Translation reserve	Accumula ted profits/ (losses)	Equity attributable to owners of the Company	Non- controlling interests	Total 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	<b>161,120</b>	-	<b>161,120</b>
Total comprehensive income /(loss) for the period									
Profit/(loss) for the period	-	-	-	35	16,359	(15,750)	<b>644</b>	2,781	<b>3,425</b>
Other comprehensive income/( loss)	-	-	-	-	-	-	-	-	-
Deemed contribution by the shareholder on the shareholder's loan(Note 1(b) (ii) (C) 1)	-	1,867	-	-	-	-	<b>1,867</b>	-	<b>1,867</b>
Non-controlling interest arising from acquisition of subsidiary	-	-	-	-	-	-	-	14,746	<b>14,746</b>
<b>Balance at 30 Sep 2013</b>	101,237	12,124	8,094	35	15,028	27,113	<b>163,631</b>	17,527	<b>181,158</b>
Total comprehensive income /(loss) for the period	-	-	-	(35)	6,203	17,870	<b>24,038</b>	1,035	<b>25,073</b>
Deemed contribution by the shareholder on the shareholder's loan	-	346	-	-	-	-	<b>346</b>	-	<b>346</b>
Non-controlling interest from purchase price allocation exercise	-	-	-	-	-	-	-	35,946	<b>35,946</b>
Transfer to statutory reserve	-	-	2,115	-	-	(2,115)	-	-	-
<b>Balance at 31 Dec 2013</b>	<b>101,237</b>	<b>12,124</b>	<b>10,209</b>	<b>-</b>	<b>21,231</b>	<b>42,868</b>	<b>188,015</b>	<b>54,508</b>	<b>242,523</b>



Statement of Changes in Equity

	<b>Share capital</b> (RMB'000)	<b>Capital reserve</b> (RMB'000)	<b>Translation reserve</b> (RMB'000)	<b>Accumulated profits/ (losses)</b> (RMB'000)	<b>Equity attributable to owner of the Company</b> (RMB'000)
<b>The Company</b>					
<b>Balance at 1 Jan 2014</b>	101,237	10,603	(2,782)	(63,040)	<b>46,018</b>
Total comprehensive income/(loss) for the period					
Profit/(loss) for the period	-	-	-	4,337	<b>4,337</b>
Other comprehensive income	-	-	46	-	<b>46</b>
<b>Balance at 30 Sep 2014</b>	101,237	10,603	(2,736)	(58,703)	<b>50,401</b>
Total comprehensive income/(loss) for the period					
Profit/(loss) for the period	-	-	-	(11,252)	(11,252)
Other comprehensive income	-	-	(1,410)	-	(1,410)
<b>Balance at 31 Dec 2014</b>	<u>101,237</u>	<u>10,603</u>	<u>(4,146)</u>	<u>(69,955)</u>	<u><b>37,739</b></u>

Statement of Changes in Equity

	<b>Share capital</b> (RMB'000)	<b>Capital reserve</b> (RMB'000)	<b>Translation reserve</b> (RMB'000)	<b>Accumulated profits/ (losses)</b> (RMB'000)	<b>Equity attributable to owner of the Company</b> (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 income/(loss) for the period					
Profit/(loss) for the period	-	-	18,057	(25,650)	<b>(7,593)</b>
<b>Balance at 30 Sep 2013</b>	101,237	10,257	17,113	(55,460)	<b>73,147</b>
Total comprehensive income/(loss) for the period					
Deemed contribution by the shareholder on the shareholder's loan	-	346	-	-	<b>346</b>
<b>Balance at 31 Dec 2013</b>	<u>101,237</u>	<u>10,603</u>	<u>(2,782)</u>	<u>(63,040)</u>	<u><b>46,018</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 corresponding period of the immediately preceding financial year.

There were no changes to the issued share capital of the Company since 31 December 2013. As at 31 December 2014, the issued share capital of the Company was RMB101,237,000 comprising 285,576,000 ordinary shares.

There were no outstanding convertibles as well as number of shares held as treasury shares of the Company as at 31 December 2014 (31 December 2013: 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 2013 and 31 December 2014, 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 31 December 2014 (31 December 2013: Nil).  
There was no sale, transfer, disposal, cancellation and/or use of treasury shares as at 31 December 2014.

**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 or 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 2013, except for the adoption of the new and revised Financial Reporting Standards ("FRS") which came into effect of this financial year from 1 January 2014. The adoption of the new and revised FRS is assessed to have no material impact on 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.**

Not applicable.

**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.**

	Fourth Quarter		Full Year	
	1 Oct 2014 to 31 Dec 2014	1 Oct 2013 to 31 Dec 2013	1 Jan 2014 to 31 Dec 2014	1 Jan 2013 to 31 Dec 2013
Earnings per ordinary share attributable to owners of the Company				
(a) Based on the weighted average number of ordinary shares in issue (RMB cents)	4.66	6.26	5.06	0.74
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)	4.66	6.26	5.06	0.74
Weighted average number of ordinary shares	285,576,000	285,576,000	285,576,000	285,576,000

Earnings per ordinary share is calculated by dividing the consolidated profit 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 earnings 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	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Net asset value per share based on issued share capital (RMB cents)	67.28	65.84	13.22	16.11
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.

<u>The Group</u>	<u>Fourth Quarter</u>				<u>Full Year</u>			
	<u>1 Oct 14 to 31 Dec 14</u>		<u>1 Oct 13 to 31 Dec13</u>		<u>1 Jan 14 to 31 Dec 14</u>		<u>1 Jan 13 to 31 Dec 13</u>	
	(RMB'000)	%	(RMB'000)	%	(RMB'000)	%	(RMB'000)	%
Revenue by type of services:								
Agency service fee	9,734	6.1	16,357	6.8	24,990	5.5	32,120	5.3
Management service fee	2,882	1.8	23,122	9.6	17,875	3.9	26,010	4.3
Shipbuilding revenue	103,374	64.6	107,993	44.7	90,853	20.0	235,233	39.1
EPC project income	38,726	24.2	-	-	78,159	17.1	-	-
Ship-design fee income	55,137	34.4	74,619	30.8	242,846	53.4	288,347	48.0
Other income	(49,794)	(31.1)	19,596	8.1	335	0.1	19,596	3.3
Total revenue	160,059	100.0	241,687	100.0	455,058	100.0	601,306	100.0

Note: EPC is acronym for "Engineering, Procurement and Construction"

### Consolidated Statement of Comprehensive Income

#### Revenue

In 4Q2014, the Group's revenue came mainly from shipbuilding, EPC project and ship-design businesses. Group revenue declined 34% to RMB160.06 million in 4Q2014 from 4Q2013, attributed mainly to: (1) a RMB19.48 million or 26% decrease in ship-design income due to variations in project progress achieved; (2) a RMB20.24 million (88%) decrease in management service fee due to a decline in the number of management service contracts; (3) a RMB6.62 million (40%) decrease in agency service fee due to variations in the milestones achieved in respect of projects. In addition, a negative figure of -RMB49.79 million was booked to other income in 4Q2014 as a result of recognizing the income from the ship-related trading business at a net, instead of gross, basis in accordance with the terms and conditions of the sales contract. Other income amounted to RMB19.60 million in 4Q2013. Revenue from shipbuilding registered no material change in the quarter. EPC, a new revenue stream that commenced in 3Q2014, contributed RMB38.73 million to revenue in 4Q2014.

In both 4Q2014 and 4Q2013, the M&C service income, management service fee and shipbuilding revenues were derived from Asia. Ship-design fee income was mainly derived from Europe and Asia, with contribution from North America, South America, Africa and Australia.

The revenue in FY2014 decreased 24% compared to FY2013, mainly attributed to decline in the shipbuilding revenue, and revenues from M&C and management services as well as the change arising from recognising income from the steel trading business on a net, instead of gross basis. However, EPC, a new line of business, contributed RMB78.16 million to revenue during the year.

#### Cost of sales and gross profit

Cost of sales declined RMB63.07 million or 38% to RMB102.16 million in 4Q2014, mainly due to lower revenue. Gross profit declined 24% but gross profit margin increased from 31.6% to 36.2% in 4Q2014. For FY2014, gross profit declined 16% on lower revenue, while gross profit margin improved to 36% from 33%.

#### Other operating income

Other operating income in 4Q2014 increased 85% to RMB5.27 million, mainly attributed to increased government grant and interest income received. In FY2014, other operating income amounted to RMB 25.10 million, 489% higher than that in FY2013, mainly due to foreign exchange gain arising from the long-term loan denominated in Euro, as well as increased government grant received.

#### Marketing and distribution expenses

Marketing and distribution expenses consisted mainly of sales and marketing department's office rental, employee benefits expenses and travelling expenses.

Marketing and distribution expenses increased 11% or RMB0.7 million, to RMB6.94 million in 4Q2014 due mainly to increase in office rental. For FY2013, marketing and distribution expenses increased 7% or RMB2.30 million compared to FY2013.

Operating lease expenses were RMB0.64 million in 4Q2014, an increase of RMB0.07 million or 12%, compared to 4Q2013, due mainly to increase in leasing expenses. The expenses increased by approximately RMB0.91 million or 43% to RMB3.01 million in FY2014.

#### Administrative expenses

Administrative expenses comprised office rental and office expenses, depreciation expenses, amortisation expenses, professional fees incurred to maintain the Group's listing status, employee benefits and travelling expenses.

Administrative expenses increased RMB2.74 million or 8% to RMB38.43 million in 4Q2014 due largely to increase in employee benefits, depreciation and amortisation expenses, operating lease expenses and general office expenses. The same reason applied to the 7% increase in administrative expenses in FY2014 compared to FY2013.

Operating lease expenses remained almost unchanged, amounting to RMB3.35 million in 4Q2014. Operating lease expenses amounted to RMB13.89 million in FY2014 compared to RMB13.07 million in FY2013.

There was no material change in the Group's depreciation charge for plant and equipment in 4Q2014 and FY2014 as compared to the respective corresponding periods in FY2013. Amortisation of intangible assets decreased RMB1.23 million to RMB1.71 million in 4Q2014 as compared to 4Q2013 due mainly to the amortisation of technical knowhow from Deltamarin. For FY2014, amortisation expenses increased to RMB5.62 million as compared to RMB3.71 million in FY2013.

#### Finance costs

Finance costs increased 32% to RMB5.69 million 4Q2014, due mainly to interest expenses incurred on additional loans raised in the financial period. In FY2014, finance costs increased 20% to RMB15.95 million.

#### Other operating expenses

Other operating expenses decreased 94% to RMB0.53 million in 4Q2014 compared to RMB8.67 million in 4Q2013, as higher foreign exchange loss arising from the Group's long term loan denominated in Euro was reported in 4Q2013. For FY2014, the group reported foreign exchange gains arising from the long term Euro loan and from bank balances of China subsidiaries denominated in USD (which gains were reflected under Other Operating Income), while in FY2013, foreign exchange losses were reported, which mainly contributed to the other operating expenses of RMB25.98 million for FY2013.

#### Share of results of associates

The share of profit from associates in 4Q2014 amounted to RMB0.05 million compared to a loss of RMB0.91 million in 4Q2013. In FY2014, the Group recorded a share of loss from associates of RMB0.38 million compared to a loss of RMB2.17 million in FY2013.

#### Income tax expense

The operating subsidiaries in China and Finland are subject to an income tax rate of 25% and 20% respectively. The Group recorded a reversal in deferred income tax expenses in 4Q2014 due to the reduction in Finland corporate income tax rate from 24.5% to 20%, after 1 Jan 2014. The same reason applied to the decrease in income tax expense from RMB15.26 million in FY2014 to RMB7.02 million in FY2014.

#### Profit for the period

After taking income tax expenses and non-controlling interests into account, net profit attributable to shareholders for 4Q2014 was RMB13.3 million, compared to RMB17.87 million in 4Q2013.

For FY2014, profit attributable to shareholders amounted to RMB14.44 million compared to RMB2.12 million in FY2013.

## **Statement of Financial Position**

### **Current assets**

As at 31 December 2014, the Group's cash and bank balances amounted to RMB208.76 million, a decrease of RMB194.47 million from the RMB403.23 million as at 31 December 2013 as more cash was deployed to finance working capital requirements. Pledged bank deposit increased from RMB49.54 million to RMB92.48 million due to increase in banking facilities as a result of growth in business activities.

Trade receivables amounted to RMB220.92 million as at 31 December 2014, comprising mainly: (1) RMB59.92 million due from clients, and (2) receivables from construction contract working in progress of RMB161.0 million, of which RMB59.79 million arose from shipbuilding business, RMB58.38 million from marine EPC projects and RMB42.83 million from ship-design business. The RMB111.83 million increase in the Group's trade receivables was mainly due to (1) contribution from the marine EPC business which commenced in 3Q2014, and (2) a RMB59.79 million advance payment made in favour of a shipyard pursuant to a shipbuilding construction contract in accordance with the payment terms in the shipbuilding sub-contract entered into with the shipyard.

The Group's other receivables as at 31 December 2014 comprised mainly prepayments, other tax recoverable, staff advances and deposits. The increase amounting to RMB67 million in other receivables was mainly due to (1) RMB18 million in prepayments for vessels under construction at shipyards, (2) tax reimbursement amounting to RMB40 million receivable for export of vessels which had been delivered to the ship owner, and (3) RMB4.6 million in PRC Customs deposit.

### **Non-current assets**

Plant and equipment comprised a motor vehicle, computers and software, furniture and fixtures, and office equipment. The increase in plant and equipment of RMB0.5 million was mainly attributed to the purchase of office equipment and financial lease arising from Deltamarin Group's office relocation.

The investment in associates represented the total amount of investment in non-controlling entities held by the Deltamarin Group.

The available for sale investments represented investment shares held by the Deltamarin Group.

Intangible assets comprised software licenses, Brand name and Technical knowhow. The amount as at 31 December 2014 increased RMB2.22 million compared to RMB96.16 million as at 31 December 2013 mainly due to the addition of a technology patent in Deltamarin Group.

The Group's goodwill had arisen from the acquisition of Deltamarin Group and the amount was recognised based on the purchase price allocation exercise. The amount of goodwill as at 31 December 2014 showed a RMB11.69 million decrease from RMB120.89 million as at 31 December 2013 due to the depreciation of Euro which had an impact on the translation of the goodwill denominated in Euro to RMB

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

### **Current liabilities**

Short-term loan and current position of long term loan represented that portion of the loans raised which were repayable within 12 months as at 31 December 2014, the details of which are set out in 1(b)(ii)(C)1, 2, 3 & 6.

Trade payables comprised mainly (1) the amount due to suppliers (RMB23.44 million), and (2) amounts due to customer on construction contract (RMB14.84 million). Trade payables as at 31 December 2014 were RMB19.66 million higher compared to RMB30.24 million as at 31 December 2013.

Advances received represented amounts received on behalf of shipyards for the purpose of acquiring tools and equipment.

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

The income tax payable decreased by RMB5.46 million from RMB6.84 million as at 31 December 2013 mainly due to the decrease in income tax expenses incurred in FY2014 as well as the settlement of the income tax payable outstanding balance.

#### Non-current liabilities

Long-term portion of loan and shareholder's loan represented that portion of the loans raised that were repayable after 12 months as at 31 December 2014, the details of which are set out in 1(b)(ii)(C) 5.

Deferred tax liabilities represented the tax liabilities for the timing differences arising from the recognition of the intangible assets, ship-design fee income and fair valuation of the Deltamarin Group's assets. Other non-current liability represented the outstanding amount of Technology patent which are repayable in two years.

#### Capital reserve

The amount of capital reserve as at 31 December 2014, comprised a deemed contribution from the immediate holding company as a result of initial recognition of shareholder's loan at fair value.

#### Consolidated cash flow statements

Net cash outflow generated from operating activities in 4Q2014 was RMB74.98 million compared to net cash inflow RMB65.78 million in the corresponding quarter last year. The higher cash outflow from operating activities was due mainly to the decrease in payables and the increase in receivables. For FY2014, cash outflow generated from operating activities amounted to RMB151.54 million compared to cash inflow of RMB37.21 million in FY2013.

Net cash used in investing activities was RMB0.7 million in this quarter which was mainly due to the purchase of PPE. In 4Q2014, RMB0.39 million of net cash was used in financing activities, compared to net cash used of RMB50.45 million in 4Q2013. During the period, RMB196.12 million of loans, including a long term loan denominated in Euro, were repaid, while new bank loans amounting to RMB218.30 million were raised. In FY2014, net cash used in financing amounted to RMB28.42 million, compared to RMB26.36 million in the previous year.

**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 Main-board of SGX-ST ("Result Announcements").

**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 Baltic Dry Index (BDI) that tracks the freight rates for vessels carrying raw materials has slumped to its lowest in almost three decades, hit by a major shipping glut, weak commodities prices and reducing demand for import of commodities.

We expect the industry conditions to remain challenging, and are taking appropriate steps and adjusting strategies to ensure that AVIC Maritime remains resilient and minimize the impact from the adverse effects of the industry.

To diversify our revenue streams, we ventured into the EPC business in 2014. Our focus is in the maritime and offshore production industry. This new business has started contributing to revenue in 2014. We aim to expand this business segment and have embarked on more R&D in order to enhance our capabilities and to capture better and more lucrative projects in the future.

Ship-design business has been a major revenue contributor to the Group which enjoys an established reputation and esteemed customer base globally. We are taking initiatives to realize better synergies between our ship-design expertise in Europe and the Group's local knowledge, capabilities and cost structure in China. We aim to target more local clients in China which has huge market potential.

In 2014, the Group delivered 12 vessels altogether, including five bulk carriers ranging from 38,000 to 64,000 DWT, three ASD Tugboats, one 28,000 tonne Heavy Lift Multi-Purpose Carrier, one 37-meter diver boat, one bunkering tanker, and one 33-meter tug vessel. At the same time, the Group continued to secure new contracts in a challenging industry environment.

On ship-design and engineering, Deltamarin Ltd. ("Deltamarin") has made significant progress in securing new orders in 2014 such as the highlighted ones here: (1) design orders for four 40,000 DWT

Handymax bulk carriers from COSCO in June; (2) a contract for the entire machinery and technical spaces outfitting production design of the very first LNG- powered icebreaker awarded by Arctech Helsinki Shipyard Inc. in August. The unique vessel is to be built for the Finnish Transport Safety Agency Trafi, and aims to reduce emissions and fuel costs by using both diesel and LNG as fuel; (3) a contract for the basic engineering of the Libra FPSO (floating production, storage and offloading unit) entered into with Jurong Shipyard in October. Deltamarin's scope of work covers the marine part of the Navion Norvegia shuttle tanker conversion into the Libra FPSO; and (4) a contract to provide Aker Arctic Technology Inc. with basic design services for two polar class heavy deck carriers. The ships are intended for carrying heavy project cargoes such as large modules to the Yamal LNG plant construction site.

The substantial fall of oil prices has opened up M&A opportunities in the offshore business. The Group will look for opportunities that would add new businesses and skill sets to our portfolio of services. Currently, we are not engaged in any discussion with any party for such acquisitions, joint ventures or strategic alliances in the offshore business. Should such opportunities arise, we will update the Shareholders and seek approval, where necessary, from our Shareholders and the relevant authorities as required by the relevant rules and regulations.

The Chinese government has set forth certain major policies to promote the development of large-scale and strong shipbuilders. Qualified shipyards under these policies would enjoy financial support by banks. Both of the shipyards under the AVIC group are included in the White List of qualified shipyards published by the Chinese government. With the favorable policy environment, and our new strategies to address the industry challenges, the Group expects to be resilient enough to weather the market downturn, and emerge from this downturn as a stronger and more diversified entity.

## 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 financial year ended 31 December 2014.

## 13 Summary of Interested Person Transactions

	<b>Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)</b>	<b>Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)</b>
	(RMB'000)	(RMB'000)
	Note (B)	
<u>1 Oct 2014 to 31 Dec 2014</u>		
Interest expenses to AVIC International Kairong Limited (Note D)	-	309
Management fee income from AVIC DingHeng	-	750



(Note E)		
Service fee income from AVIC DingHeng (Note F)	-	319
Service fee income from Taizhou CATIC Shipbuilding Heavy Industry Limited (Note H)	-	2,743
Management fee income from AVIC Zhengjiang Shipyard Marine Pte Ltd (Note I)	-	222
Service fee income from AVIC DingHeng (Note K)	-	1,643
Service fee income from Weihai Shipyard (Note L)	-	985
Sub-contract cost to Weihai shipyard (Note N)	-	79,071
Steel selling income from AVIC DingHeng (Note O)	-	147
Management fee income from Weihai Shipyard (Note P)	-	1,221
Service fee income from AVIC DingHeng (Note R)	-	923
Corporate guarantee fee to AVIC International Holding Corporation (Note S)	-	205
Service fee income from Weihai shipyard (Note T)	-	622
Corporate guarantee fee to AVIC International Holding Ltd (Note U)	-	641
Shipbuilding revenue from Catic Beijing Co., Ltd (Note V)	-	104,866

#### 1 Jan 2014 to 31 Dec 2014

Service fee income from AVIC International Beijing Co., Ltd ("AVIC Beijing")	930	
Interest expenses to AVIC International Kairong Limited (Note D)	-	1,227
Management fee income from AVIC DingHeng (Note E)	-	7,080
Service fee income from AVIC DingHeng (Note F)	-	1,735
Ship-designing fee from AVIC International Kairong Limited (Note G)	-	2,077
Ship-designing cost to AVIC International Kairong Limited (Note G)	-	2,410
Service fee income from Taizhou CATIC Shipbuilding Heavy Industry Limited (Note H)	-	5,644
Management fee income from AVIC Zhengjiang Shipyard Marine Pte Ltd (Note I)	-	721
Service fee income from AVIC DingHeng (Note J)	-	2,667
Service fee income from AVIC DingHeng (Note K)	-	3,289
Service fee income from Weihai Shipyard (Note L)	-	2,716
Service fee income from Weihai shipyard (Note M)	-	653
Sub-contract cost to Weihai shipyard (Note N)	-	80,764
Steel selling income from AVIC DingHeng (Note O)	-	147
Management fee income from Weihai Shipyard (Note P)	-	5,339
Service fee income from AVIC DingHeng (Note R)	-	1,271
Corporate guarantee fee to AVIC International Holding Corporation (Note S)	-	595
Service fee income from Weihai shipyard (Note T)	-	622
Corporate guarantee fee to AVIC International Holding Ltd (Note U)	-	641
Shipbuilding revenue from Catic Beijing Co., Ltd (Note V)	-	107,027

#### 1 Oct 2013 to 31 Dec 2013

Service fee income from AVIC International Beijing Co., Ltd ("AVIC Beijing") (Note B)	694	-
Service fee income from AVIC Beijing	-	14,600
Service fee income from Taizhou CATIC Shipbuilding Heavy Industry Limited (Note H)	-	464

Interest expenses to AVIC International kairong Limited (Note D)	-	316
Management fee income from CATICO	-	2,818
Management fee income from AVIC Beijing	-	14,448
Management fee income from AVIC DingHeng	-	3,100
Ship-designing fee from AVIC International Kairong Limited (G)	-	1,610
Ship-designing fee from Weihai Shipyard	-	121
Other income from AVIC Dingheng	-	4,682

1 Jan 2013 to 31 Dec 2013

Service fee income from AVIC International Beijing Co., Ltd ("AVIC Beijing")	5,848	-
Service fee income from AVIC Beijing (Note C)	-	6,860
Service fee income from AVIC Beijing	-	14,600
Service fee income from Taizhou CATIC Shipbuilding Heavy Industry Limited (Note H)	-	464
Interest expenses to AVIC International kairong Limited (Note D)	-	1,252
Management fee income from CATICO	-	5,637
Management fee income from AVIC Beijing	-	14,448
Management fee income from AVIC DingHeng	-	3,100
Ship-designing fee from AVIC Internaiotnal Kairong Limited (G)	-	1,610
Ship-designing fee from Weihai Shipyard	-	510
Other income from AVIC Dingheng	-	4,682

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)1** of the announcement.

- (E) AVIC International Ship Development (China) Co., Ltd. ("AISD Shanghai") a wholly-owned subsidiary, has separately entered into three (3) service agreements with AVIC Dingheng Shipbuilding Co., Ltd. ("Dingheng Shipyard") and AVIC International Shanghai Co., Ltd. ("AVIC International Shanghai") on 1 October 2013. Pursuant to which the management fee on an aggregate amount of RMB12,130,000 ("Management Fee", before sales taxes and surcharges) is payable to AISD Shanghai from Dingheng Shipyard.

Pursuant to the agreement AISD Shanghai is engaged to provide services in support of vessel construction, export, delivery and import of marine equipment; ship-trading related consultancy

services in respect of vessel construction, import & export; and other import & export related business and is chargeable by man hour basis.

The Company had on 29 April 2014 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.

- (F) AVIC International Ship Development (China) Co., Ltd. ("AISD Shanghai") a wholly-owned subsidiary, has separately entered into two (2) service agreements with AVIC Dingheng Shipbuilding Co., Ltd. ("Dingheng Shipyard") and the contracts were effective on 3 January 2014 and 17 January 2014 respectively. Pursuant to which the service fee on an aggregate amount of USD0.41 million and USD0.50 million ("Service fee income", before sales taxes and surcharges) is payable to AISD Shanghai from Dingheng Shipyard.

Pursuant to the agreement AISD Shanghai is engaged to provide services in support of vessel construction, export, delivery and import of marine equipment; ship-trading related consultancy services in respect of vessel construction, import & export; and other import & export related business and is chargeable by man hour basis.

The Company had on 29 April 2014 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.

- (G) Deltamarin Ltd, ("Deltamarin") a 79.57% owned subsidiary has entered into a consultancy, engineering services agreement with AVIC Beijing on 22 October 2013. Pursuant to which the designing services fee on an aggregate amount of EUR450,000(approximate RMB3.7million).

On 23 October 2013, Deltamarin entered into a supplementary agreement with AVIC Beijing and AVIC Kairong, pursuant to which AVIC Kairong will act as the coordinator to deal with communicating and coordinating affairs between AVIC Beijing and Deltamarin, and the amount is payable to Deltamarin from AVIC Kairong.

The Company had on 29 April 2014 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.

- (H) AVIC Kaixin (Beijing) Ship Industry Co., Ltd., ("Kaixin Beijing") a wholly-owned subsidiary of the Company, had on 26 November 2013 entered into an agency agreement with Taizhou CATIC Shipbuilding Heavy Industry Limited ("Taizhou Shipyard") and AVIC International Beijing Co.,Ltd. ("AVIC International Beijing"), pursuant to which Kaixin Beijing and AVIC International Beijing shall act as the co-agent to provide ancillary services for the construction by Taizhou Shipyard of 8 bulk carriers, at a service fee payable to Kaixin Beijing of USD2.4 million for the four(4) carriers plus RMB12.2 million for the other four(4) carriers;

The Company had on 29 April 2014 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.

- (I) AVIC International Offshore (Xiamen) Co., Ltd ("AIOXM"), a wholly-owned subsidiary of the Company, has entered into a management service agreement (the "Management Agreement") with AVIC Zhenjiang Shipyard Marine Pte Ltd ("AVIC Zhenjiang") on 05 July 2013, pursuant to which the management fee of an aggregate amount of USD0.15 million (the "Management Fee", before sales taxes and surcharges) is payable to AIOXM by AVIC Zhenjiang.

The management agreement is for the service period from July 2013 to October 2014 with service to be provided such as on-site supervision/inspection and management of shipbuilding contracts for three(3) vessels (33m Ramparts 3300AV Class ASD Tugs boat).

The Company had on 29 April 2014 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.

- (J) AVIC International Ship Development (China) Ltd. ("AISD Shanghai"), an indirect wholly-owned subsidiary of the Company, has entered into an agency service agreement with AVIC Dingheng Shipbuilding Co., Ltd. ("AVIC DingHeng") for the construction of five(5) plus five(5) optional 25,000DWT Chemical Tankers, pursuant to which the service fee of five vessels at an aggregate amount of USD3.01 million and five(5) optional vessels amount of USD3.06 million (the "service fee", before sales taxes and surcharges) is payable to AISD Shanghai by AVIC DingHeng.

Pursuant to the agreement AISD Shanghai is engaged to provide services in support of vessel construction, export, delivery and import of marine equipment; ship-trading related consultancy services in respect of vessel construction, import & export; and other import & export related business.

The Company had on 29 April 2014 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.

- (K) AVIC International Ship Development (China) Ltd. ("AISD Shanghai"), a wholly-owned of the Company, has entered into a co-seller agreement with AVIC Dingheng Shipbuilding Co., Ltd. ("AVIC DingHeng") and AVIC International Shanghai Co., Ltd. ("AVIC International Shanghai") for the construction and sell of two(2) plus two(2) optional 15000DWT Chemical & Oil Tanker , pursuant to which the service fee of an aggregate amount of USD1.03 million (the "service fee", before sales taxes and surcharges) is payable to AISD Shanghai by AVIC DingHeng.

Pursuant to the agreement AISD Shanghai is engaged to provide services in support of vessel construction, obtaining the issuance of refund guarantee, collecting the construction financing services and other import & export related business.

The Company had on 29 April 2014 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.

- (L) AVIC International Ship Development (China) Co., Ltd. ("AISD Shanghai")being a wholly-owned subsidiary of the Company, together with (i) AVIC International Shanghai Co., Ltd. ("AVIC International Shanghai", a related party) and (ii) AVIC Weihai Shipyard Co., Ltd. ("Weihai Shipyard", a related party), entered into a shipbuilding contract for the construction of two(2) 38,000 DWT Bulk Carriers with a Turkish company, Diler Holding (an independent third party), pursuant to which AISD Shanghai, AVIC Shanghai and Weihai Shipyard will be the co-sellers and Diler Holding will be the buyer. The service fee of an aggregate amount of USD1.22 million ( the "service fee", before sales taxes and surcharges) is payable to AISD Shanghai by Weihai Shipyard.

Pursuant to the agreement AISD Shanghai is engaged to provide services in support of vessel construction, export, delivery and import of marine equipment; ship-trading related consultancy services in respect of vessel construction, import & export; and other import & export related business.

The Company had on 29 April 2014 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.

- (M) AVIC Kaixin (Beijing) Ship Industry Co., Ltd., (“Kaixin Beijing”) a wholly-owned subsidiary of the Company, has entered into an agency service agreement with AVIC Weihai Shipyard Co., Ltd. (“Weihai Shipyard” a related party) for the construction of two 81,000DWT bulk carrier, pursuant to which the service fee of an aggregate amount of USD0.55 million (the “service fee”, before sales taxes and surcharges) is payable to Kaixin Beijing by Weihai shipyard.

The Company had on 29 April 2014 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.

- (N) AVIC International Beijing Co.,Ltd. (“AVIC International Beijing”), as Seller, has entered into agreement with (i) Kaixin Industrial Pte Ltd (“Kaixin Industrial”) a wholly owned subsidiary of the Company, as Buyer, and (ii) AVIC Weihai Shipyard Co., Ltd (“Weihai Shipyard” a related party) as Builder for the construction of two(2) 63,600 DWT Panamax Bulk Carrier with the total contract price for two vessels of USD70 million. Kaixin Industrial and AVIC Kaixin (Beijing) Ship Industry Co., Ltd (‘Kaixin Beijing”) a wholly-owned subsidiary of the Company shall then, as co-Buyer, has entered into the ship construction agreement with Weihai Shipyard for the construction of these two vessels. Pursuant to which the sub-contract cost of an aggregate amount of USD64.32 million (the “sub-contract cost”, before sales taxes and surcharges) is payable to Weihai Shipyard by Kaixin Beijing.

The Company had on 29 April 2014 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.

- (O) AVIC International Ship Development (China) Ltd. (“AISD Shanghai”), a wholly-owned subsidiary of the Company, has entered into a steel trading agreement with AVIC Dingheng Shipbuilding Co., Ltd. (“AVIC DingHeng”), pursuant to which the steel trading income of an aggregate amount of RMB83.27 million (the “service fee”, before sales taxes and surcharges) is payable to AISD Shanghai by AVIC DingHeng.

The Company had on 29 April 2014 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.

- (P) AVIC Kaixin (Beijing) Ship Industry Co., Ltd (“Kaixin Beijing”), a wholly-owned subsidiary of the Company, has entered into the management agreements with AVIC Weihai Shipyard Co., Ltd (“Weihai Shipyard”, a related party), and pursuant to which the management fee on an aggregate amount of RMB5.04 million (“Management fee”) is payable to Kaixin Beijing from Weihai Shipyard.

The Company had on 29 April 2014 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.

- (R) AVIC International Ship Development (China) Ltd. (“AISD Shanghai”), a wholly-owned subsidiary of the Company, has entered into a shipbuilding contract for the construction of two additional 4900DWT Asphalt Carriers with AVIC International Shanghai Co., Ltd (“AVIC Shanghai”) and AVIC Dingheng Shipbuilding Co., Ltd. (“AVIC DingHeng”), pursuant to which the agency service of an aggregate amount of USD0.416 million (the “agency service fee”, before sales taxes and surcharges) is payable to AISD Shanghai by AVIC DingHeng.

The Company had on 29 April 2014 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.

- (S) AVIC International Ship Development (China) Ltd. ("AISD(China)"), a wholly-owned subsidiary of the Company, has entered into a shipbuilding contract with AVIC International Shanghai Co., Ltd (as the co-seller together with AISD(China)) and Taizhou Kouan Shipbuilding Co., Ltd (as the shipyard), for the construction of eight (8) 64,000 DWT Bulk Carriers, AVIC International Holding Corporation ("AVIC International") has provided guarantee/counter-guarantee for AISD(China) to bank. In return, AISD (China) shall pay to AVIC International a fee of aggregate amount of RMB2.6 million for the provision of such guarantee/counter-guarantee

The Company had on 29 April 2014 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.

- (T) AVIC Kaixin (Beijing) Ship Industry Co., Ltd., ("Kaixin Beijing") a wholly-owned subsidiary of the Company, has entered into an agency service agreement with AVIC Weihai Shipyard Co., Ltd. ("Weihai Shipyard" a related party) for the construction of two 37650DWT bulk carrier, pursuant to which the service fee of an aggregate amount of USD0.42 million (the "service fee", before sales taxes and surcharges) is payable to Kaixin Beijing by Weihai shipyard.

The Company had on 29 April 2014 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

- (U) AVIC International Maritime Holdings Ltd., ("AIMHL"), has entered into a term loan facility with Bank of China Limited, Singapore Branch ("BOC SG") pursuant to which BOC SG shall grant to the Company a loan of SGD45 million for a term of three years. AVIC International Holdings Limited ("AIHL"/ 161) has agreed to act as guarantor for the Company to BOC SG. In return, the Company shall pay to AIHL a service fee of 0.30% of the amount guaranteed, which an aggregate amount of RMB0.64 million is payable to AIHL by AIMHL.

The Company had on 29 April 2014 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

- (V) Catic Beijing Co.,Ltd. ("Catic Beijing"), as Buyer, has entered into agreement with (i) Kaixin Industrial Pte Ltd ("Kaixin Industrial") a wholly owned subsidiary of the Company, as Seller, for the construction of two(2) 63,600 DWT Panamax Bulk Carrier with the total contract price for two vessels of USD70 million. Pursuant to which the shipbuilding contract of an aggregate amount of USD70 million (the "Shipbuilding contract", before sales taxes and surcharges) is payable to Kaixin Industrial by Catic Beijing.

The Company had on 29 April 2014 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 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

**FY2014**

**Information regarding the Group's reportable segments is presented as follows:**

	<u>Service fee income</u> (RMB'000)	<u>Shipbuidling revenue</u> (RMB'000)	<u>Management Service fee</u> (RMB'000)	<u>Ship-design fee income</u> (RMB'000)	<u>EPC Project income</u> (RMB'000)	<u>Other Income</u> (RMB'000)	<u>Total</u> (RMB'000)
Revenue							
Related companies	19,527	107,027	13,140	2,077	-	147	141,918
External	5,463	(16,174)	4,735	240,769	78,159	188	313,140
	<u>24,990</u>	<u>90,853</u>	<u>17,875</u>	<u>242,846</u>	<u>78,159</u>	<u>335</u>	<u>455,058</u>
<u>Result</u>							
Segment result	10,249	3,992	7,331	29,508	(11,640)	335	39,775
Unallocated other operating income							22,479
Unallocated other corporate expenses							(22,393)
Unallocated finance cost							(15,647)
Profit before income tax							<u>24,214</u>
Income tax expenses							<u>(7,018)</u>
Profit for the year							<u><u>17,196</u></u>

**FY2013****Information regarding the Group's reportable segments is presented as follows:**

	<u>Service fee income</u> (RMB'000)	<u>Shipbuilding revenue</u> (RMB'000)	<u>Management Service fee</u> (RMB'000)	<u>Ship-design fee income</u> (RMB'000)	<u>Other Income</u> (RMB'000)	<u>Total</u> (RMB'000)
Revenue						
Related companies	26,219	-	23,179	2,120	4,682	56,200
External	5,901	235,232	2,831	286,228	14,914	545,106
	<u>32,120</u>	<u>235,232</u>	<u>26,010</u>	<u>288,348</u>	<u>19,596</u>	<u>601,306</u>
<u>Result</u>						
Segment result	4,038	11,382	3,195	35,576	1,026	55,217
Unallocated other operating income						2,802
Unallocated other corporate expenses						(23,698)
Unallocated finance cost						(13,110)
Profit before income tax						<u>21,211</u>
Income tax expenses						(15,258)
Profit for the year						<u><u>5,953</u></u>

## Geographical information

The Group generates revenue from customers located in the geographical areas as follows:

	FY2014 (RMB'000)	FY2013 (RMB'000)
Asia	288,964	248,313
Middle East	(16,174)	235,232
Europe	152,113	89,733
Australia	1,338	7,242
America	28,343	20,786
Africa	474	-
	<u>455,058</u>	<u>601,306</u>



**Information about major customers**

	FY2014				
	Service fee income	Shipbuilding revenue	Management Service fee	Ship-design fee income	EPC Project income
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
Customer 1	6,424	-	5,520	-	-
Customer 2	8,962	-	7,080	-	-
Customer 3	-	107,027	-	-	-
Customer 4	-	-	-	37,286	-
Customer 5	-	-	-	22,152	-
Customer 6	-	-	-	15,457	-
Customer 7	-	-	-	-	58,479
	<u>15,386</u>	<u>107,027</u>	<u>12,600</u>	<u>74,895</u>	<u>58,479</u>

	FY2013			
	Service fee income	Shipbuilding revenue	Management service fee	Ship-design fee income
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
Customer 1	26,214	-	14,448	-
Customer 2	-	-	-	26,322
Customer 3	-	-	-	17,226
Customer 4	-	-	-	16,563
Customer 5	-	235,232	-	-
	<u>26,214</u>	<u>235,232</u>	<u>14,448</u>	<u>60,111</u>

**15 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

See Paragraph 8 above.

**16 A breakdown of sales as follows**

	FY2014 (RMB'000)	FY2013 (RMB'000)	Change %
a) Sales reported for the first half	149,275	256,390	(41.78)
b) Operating profit/(loss) after tax before deducting minority interest reported for first half	1,528	(11,456)	N/M
c) Sales report for second half	305,783	344,916	(11.35)
d) Operating profit/(loss) after tax before deducting minority interest reported for second half	15,668	17,409	(6.5)

**17 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer.**

Pursuant to Rule 704(9) of Listing Manual, the Board of Director of the Company would like to confirm that none of the persons occupying managerial positions in the Company or its principal subsidiaries are relatives of a Director or Chief Executive Officer or Substantial Shareholder of Company, for the financial year ended 31 December 2014.

**18 Update on utilisation of Placement Proceeds**

Based on the Placement Price of SGD0.285 and the 53,576,000 Placement Shares subscribed for, the net proceeds raised from the Placement are approximately SGD10.6 million (after deducting listing expenses approximately SGD4.7 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 SGD8.0 million to partly finance acquisition; and
- (ii) The balance of approximately SGD2.6 million for our working capital purposes and any future acquisitions, joint ventures and strategic alliances.

As at 31 December 2014, the Group had revised the use of compliance proceeds amount approximately SGD10.6 million into general working capital purpose and any future acquisitions, joint ventures and strategic alliances as set out on the Company's 21 November 2014 announcement on Change Of Use Of Compliance Placement Proceeds.

**On Behalf of the Board of Directors**

Dr Diao Weicheng  
Executive Chairman  
17 February 2015