



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

(Company Registration No. 201024137N)

AVIC Maritime Reported Net Profit of RMB17.2 million and continued to secure more orders

- EPS FY2014 rose to RMB5.06 cents compared to RMB0.74 cents in FY2013
- NAV per share FY2014 rose to RMB67.28 cents compared to RMB65.84 cents in FY2013
- EPC business contributed a revenue of RMB78.2 million for FY2014 as the Group successfully diversified and ventured into EPC activities through one of its principal subsidiaries, Deltamarin Ltd, the world renowned ship design and offshore engineering house
- Group will further enhance its ship design capability in China, look for opportunities for M&A in the oil services side; among other strategies to maximise shareholders' return

SINGAPORE, 17 February 2015 – SGX Mainboard-listed, 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, reported the financial results for the financial year ended December 31, 2014 (“FY2014”) today. Profit after tax for FY2014 increased 189% to RMB17.2 million.

Dr Diao Weicheng (刁伟程), AVIC Maritime’s Executive Chairman commented, “**The Group has seen encouraging signs in 2014. Our Group will be focusing on and contracting in projects with high-margin. Gross profit margin increased from 33% in FY2013 to 36.4% in FY2014. Also, the roll-out of the EPC business in 2014 has made itself a significant revenue contributor in 2014. Overall, although the shipping and shipbuilding industry has remained challenging, our Group has strived against difficult time and our strategies of focusing on ship design and EPC business have rightly positioned ourselves in the market.**”

Financial Highlights

RMB million	4Q2014	4Q2013	Chg %	FY2014	FY2013	Chg%
Revenue	160.1	241.7	(34)	455.1	601.3	(24)
- <i>Management and consultancy service (“M&C”) fee</i>	9.7	16.4	(40.9)	25.0	32.1	(22.1)
- <i>Management service fee</i>	2.9	23.1	(87.4)	17.9	26.0	(31.2)
- <i>EPC project income</i>	38.7	-	n.m.	78.2	-	n.m.
- <i>Shipbuilding revenue</i>	103.4	108.0	(4.3)	90.9	235.2	(61.4)
- <i>Ship-design fee income</i>	55.1	74.6	(26.1)	242.8	288.3	(15.8)
- <i>Other income</i>	(49.8)	19.6	n.m.	0.3	19.6	(98.5)
Gross Profit	57.9	76.5	(24)	165.9	198.3	(16)



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Gross Profit Margin	36.2%	31.6%	4.6 pp*	36.4%	33.0%	3.4 pp*
Marketing and distribution expenses	(6.9)	(6.2)	11	(29.4)	(27.1)	8
Administrative expenses	(38.4)	(35.7)	8	(120.5)	(112.8)	7
Net Profit	13.9	18.7	(26)	17.2	6.0	189
Net Profit attributable to equity holders	13.3	17.9	(26)	14.4	2.1	581

* pp: percentage points, n.m.: not meaningful

Business updates/ Deliveries

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. The Group will offer Management and Consultancy services for these contracts.

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.

Outlook

Commenting on AVIC Maritime’s outlook and strategies, Dr Diao Weicheng, Executive Chairman of the Group said, **“With the Baltic Dry Index at 28-year low and the seasonality of the industry, we don’t see an imminent and fast industry recovery in the near future. The Group has been reviewing its corporate strategies on an ongoing basis to shield itself from the industry downturns, and rolling out on the EPC business was one of the recent initiatives in 2014. As the overall market outlook remained negative for the industry, we need a diversified income base. As such, we are determined to continue to grow the shipbuilding related business, such as EPC packages. We have also embarked on more R&D activities under the EPC segment in order to enhance our capabilities to capture more lucrative projects in the future.**



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Ship design has been one of the core business segments of the Group that enjoys established reputation and esteemed customer base across major markets in the world. We hope to bring better synergies between our expertise in Europe and the local knowledge and capabilities in China, and we plan to further build up the design workforce in China. This will further boost the design expertise and capabilities in China to correspond the local demand. It will make our cost structure more efficient and moreover, help the Group in targeting more local clients in China, where the Group has huge market potential. On cost saving front, we have established a centralised procurement department in the latter part of 2014, aiming to drive down costs for the shipyards within the AVIC Group.

As oil prices dropped drastically since the second half of 2014, offshore and maritime industry is expected to go through major reshuffles. The Group sees this as an opportunity to explore the offshore business. We will look at under-valued oil service related companies for potential M&A opportunities. 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 promoting large-scale and sustainable shipbuilders. Those policies pointed to certain fairway support by banks to these qualified shipyards amongst which are AVIC Dingheng Shipyard and AVIC Weihai Shipyard, both are members of the AVIC Group. With the policy in our favour, and our new strategies corresponding well to the market condition, we are confident that AVIC Maritime will remain resilient in the market downturn. We aim to emerge from this downturn as a stronger and more diversified group.”

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About AVIC Maritime

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



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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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