



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

(Company Registration No. 201024137N)

**UNAUDITED FINANCIAL STATEMENTS AND ANNOUNCEMENT FOR THE THIRD QUARTER ENDED 31 MARCH 2015**

**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 First Quarter ended 31 March 2015

	<b>First Quarter</b>		<b>Change</b>
	<b>Group 1 Jan 15 to 31 Mar 15</b>	<b>Group 1 Jan 14 to 31 Mar 14</b>	
	(RMB'000)	(RMB'000)	%
Revenue	140,059	105,514	33
Cost of sales	(103,586)	(73,766)	40
Gross profit	36,473	31,748	15
Other operating income	598	2,456	(76)
Marketing and distribution expenses	(10,678)	(8,777)	22
Administrative expenses	(30,460)	(25,064)	22
Finance cost	(2,648)	(3,263)	(19)
Other operating expenses	(4,758)	(47)	N/M
Share of results of associates	15	280	(95)
Loss before income tax	(11,458)	(2,667)	330
Income tax expense	(936)	(2,022)	(54)
Loss for the period	(12,394)	(4,689)	164
<u>Profit attributable to:</u>			
Owner of the company	(11,590)	(5,559)	108
Non-controlling interests	(804)	870	N/M
Loss for the period	(12,394)	(4,689)	164

	<b>First Quarter</b>		
	<b>Group</b>	<b>Group</b>	<b>Change</b>
	<b>1 Jan 15 to 31 Mar 15</b>	<b>1 Jan 14 to 31 Mar 14</b>	
	(RMB'000)	(RMB'000)	%
<u>Other comprehensive income/(loss)</u>			
Exchange differences arising on translation	(13,393)	(420)	N/M
Total comprehensive loss for the period	(25,787)	(5,109)	405
<u>Total comprehensive profit/(loss) attributable to:</u>			
Owner of the company	(19,100)	(7,099)	169
Non-controlling interests	(6,687)	1,990	N/M
	(25,787)	(5,109)	405

**1(a)(ii) Notes to the Consolidated Statement of Comprehensive Income for the First Quarter ended 31 March 2015**

	<b>First Quarter</b>		
	<b>Group</b>	<b>Group</b>	<b>Change</b>
	<b>1 Jan 15 to 31 Mar 15</b>	<b>1 Jan 14 to 31 Mar 14</b>	
	(RMB'000)	(RMB'000)	%
Interest income	598	116	416
Net foreign exchange (loss)/gain	(3,714)	2,340	N/M
Interest expenses on borrowings	(2,495)	(2,908)	(14)
Operating lease expenses	(4,297)	(4,441)	(3)
Depreciation of plant and Equipment	(768)	(1,008)	(24)
Fixed assets written off	-	(35)	N/M
Amortisation of intangible assets	(1,545)	(1,008)	53
Allowance for doubtful debts	(821)	-	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 March 2015**

	Group		Company	
	31 Mar 2015 (RMB'000)	31 Dec 2014 (RMB'000)	31 Mar 2015 (RMB'000)	31 Dec 2014 (RMB'000)
<b>Assets</b>				
<u>Current assets</u>				
Cash and cash equivalents	163,927	208,763	8,416	10,373
Pledged cash placed with a bank	53,527	92,475	-	-
Trade receivables	173,365	220,917	-	-
Other receivables	106,591	79,391	319	335
Amount due from subsidiaries	-	-	1,575	2,089
Inventory	691	481	-	-
	<b>498,101</b>	<b>602,027</b>	<b>10,310</b>	<b>12,797</b>
<u>Non-current assets</u>				
Plant and equipment	7,764	8,094	-	10
Investment in subsidiaries	-	-	377,043	393,143
Investment in associates	375	405	-	-
Available-for-sale investments	44	49	-	-
Goodwill	97,080	109,203	-	-
Intangible assets	86,036	98,381	-	-
Deferred tax assets	258	497	-	-
Trade receivables	39,605	-	-	-
	<b>231,162</b>	<b>216,629</b>	<b>377,043</b>	<b>393,153</b>
<b>Total assets</b>	<b>729,263</b>	<b>818,656</b>	<b>387,353</b>	<b>405,950</b>
<u>Current liabilities</u>				
Current portion of long-term loan	131,196	136,030	131,196	136,030
Short-term loan	11,080	9,289	-	-
Trade payables	26,447	49,905	-	-
Advance received	7,375	38,744	-	-
Other payables and accruals	92,741	85,201	22,295	23,174
Finance lease liabilities	878	967	-	-
Income tax payable	1,528	1,377	-	-
	<b>271,245</b>	<b>321,513</b>	<b>153,491</b>	<b>159,204</b>
<u>Non-current liabilities</u>				
Long-term loan	219,750	228,239	200,448	209,007
Finance lease liabilities	704	806	-	-
Deferred tax liabilities	18,510	22,039	-	-
Other non-current liabilities	1,660	3,735	-	-
	<b>240,624</b>	<b>254,819</b>	<b>200,448</b>	<b>209,007</b>
<b>Total liabilities</b>	<b>511,869</b>	<b>576,332</b>	<b>353,939</b>	<b>368,211</b>

	Group		Company	
	31 Mar 2015 (RMB'000)	31 Dec 2014 (RMB'000)	31 Mar 2015 (RMB'000)	31 Dec 2014 (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	11,988	-	-
Translation reserve	3,404	10,914	(5,642)	(4,146)
Accumulated profits/(losses)	43,940	55,530	(72,784)	(69,955)
	<b>173,039</b>	<b>192,139</b>	<b>33,414</b>	<b>37,739</b>
<b>Non-controlling interests</b>	<b>44,355</b>	<b>50,185</b>	-	-
<b>Total equity</b>	<b>217,394</b>	<b>242,324</b>	<b>33,414</b>	<b>37,739</b>
<b>Total Equity and Liabilities</b>	<b>729,263</b>	<b>818,656</b>	<b>387,353</b>	<b>405,950</b>

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

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

As at 31 Mar 2015	
Secured (RMB'000)	Unsecured (RMB'000)
878	142,276

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

(B) Amount repayable after one year

As at 31 Mar 2015	
Secured (RMB'000)	Unsecured (RMB'000)
704	219,750

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

(C) Details of any collaterals

- 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 former 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.
- 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.
- 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. 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 immediate holding company of the Group. The principal of loan is due to be repaid in three years from the date of the loan drawdown in December 2014. 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.
5. On 20 August 2013, 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 over every 3 months. The loan carries a fixed interest rate of 2.49% (31 March 2014: 1.62%). As at 31 March 2015, the principal loan amount of SGD2,000,000 (31 March 2014: SGD2,000,000) remains outstanding, and is due within 12 months.
6. As at 31 March 2015, certain plant and equipment with carrying amount of EUR234,326 or RMB 1,556,253 equivalent (31 March 2014: EUR208,000 or RMB1,764,000) are secured by the lessors' titles to the leased assets.
7. On 6 March 2015, Tides Fast Offshore Pte. Ltd. (35% shareholder of ATFO) granted to AVIC Tidestar Fast Offshore Pte. Ltd. ("ATFO") an unsecured loan of USD353,500 with an interest rate of 5% per annum and repayable on demand.

**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 First Quarter ended 31 March 2015

	<b>First Quarter</b>	
	<b>Group</b>	<b>Group</b>
	<b>1 Jan 15 to 31 Mar 15 (RMB'000)</b>	<b>1 Jan 14 to 31 Mar 14 (RMB'000)</b>
<b>Operating activities</b>		
Loss before income tax	(11,590)	(2,667)
Adjustments for:		
Share of results of associates	(15)	(280)
Interest income	(598)	(116)
Interest expenses	2,495	2,908
Depreciation of plant and equipment	768	1,008
Amortisation of intangible assets	1,545	1,008
Plant and equipment written off	-	35
Allowance for doubtful debt	821	-
Net foreign exchange unrealised loss/(gain)	3,628	(2,166)
Operating cash flows before movements in working capital	(2,945)	(270)
Trade receivables	(10,427)	(625)
Other receivables	(32,726)	(19,921)
Trade payables	(20,565)	18,779
Advance received	(31,370)	(332)
Other payables and accruals	12,678	(8,929)
Inventory	(209)	-
Cash used in operations	(85,564)	(11,298)
Income taxes paid	(1,173)	(6,597)
Interest received	206	116
Net cash used in operating activities	(86,531)	(17,779)

	First Quarter	
	Group	Group
	1 Jan 15 to 31 Mar 15 (RMB'000)	1 Jan 14 to 31 Mar 14 (RMB'000)
<b>Investing activities</b>		
Purchase of plant and equipment (Note A)	(812)	(1,650)
Purchase of intangible assets	(85)	(1,527)
Interest received	392	-
Partial repayment from EPC project customer	1,138	-
Net cash from (used in) investing activities	<u>633</u>	<u>(3,177)</u>
<b>Financing activities</b>		
Proceeds from shareholder's loan	2,171	-
Proceeds on issue of subsidiary's shares to non-controlling shareholders	857	-
Decrease/(Increase) in pledged bank deposit	38,947	(79)
New bank loan raised	-	9,794
Interest paid	(1,286)	(1,514)
Repayment of finance lease	(274)	(348)
Net cash from financing activities	<u>40,415</u>	<u>7,853</u>
Net decrease in cash and cash equivalent	(45,483)	(13,103)
Effect of exchange rate changes on the balance of cash held in foreign currencies	647	832
Cash and cash equivalents at beginning of the financial period	<u>208,763</u>	<u>403,234</u>
<b>Cash and cash equivalents at end of the financial period</b>	<b><u>163,927</u></b>	<b><u>390,963</u></b>

Note A: Purchase of plant and equipment

During 1Q2015, the Group acquired property, plant and equipment with an aggregate cost of approximately RMB1,092,000 (1Q2014: RMB1,921,000) of which RMB280,000 (1Q2014: RMB271,000) were acquired by means of finance leases, and cash payment of RMB812,000 (1Q2014: RMB1,650,000) were made to purchase the property, plant and equipment.

**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 (RMB'000)	Capital reserve (RMB'000)	Statutory reserve (RMB'000)	Translation reserve (RMB'000)	Accumulated profits/ (losses) (RMB'000)	Equity attributable to owners of the Company (RMB'000)	Non- controlling interests (RMB'000)	Total equity (RMB'000)
<b><u>The Group</u></b>								
<b>Balance at 1 Jan 2015</b>	101,237	12,470	11,988	10,914	55,530	<b>192,139</b>	50,185	<b>242,324</b>
Total comprehensive income /(loss) for the period								
Loss for the period	-	-	-	-	(11,590)	<b>(11,590)</b>	(804)	<b>(12,394)</b>
Other comprehensive income/( loss)	-	-	-	(7,510)	-	<b>(7,510)</b>	(5,883)	<b>(13,393)</b>
Total	-	-	-	(7,510)	(11,590)	<b>(19,100)</b>	(6,687)	<b>(25,787)</b>
Transactions with owners, recognised directly in equity								
Non-controlling interest arising from issue of subsidiary's shares to non- controlling shareholders	-	-	-	-	-	-	857	<b>857</b>
Total	-	-	-	-	-	-	857	<b>857</b>
<b>Balance at 31 Mar 2015</b>	<u>101,237</u>	<u>12,470</u>	<u>11,988</u>	<u>3,404</u>	<u>43,940</u>	<b><u>173,039</u></b>	<u>44,355</u>	<b><u>217,394</u></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								
Loss for the period	-	-	-	-	(5,559)	<b>(5,559)</b>	870	<b>(4,689)</b>
Other comprehensive loss	-	-	-	(1,540)	-	<b>(1,540)</b>	1,120	<b>(420)</b>
Total	-	-	-	(1,540)	(5,559)	<b>(7,099)</b>	1,990	<b>(5,109)</b>
<b>Balance at 31 Mar 2014</b>	<u>101,237</u>	<u>12,470</u>	<u>10,209</u>	<u>19,691</u>	<u>37,309</u>	<b><u>180,916</u></b>	<u>56,498</u>	<b><u>237,414</u></b>

Statement of Changes in Equity

	<u>Share capital</u> (RMB'000)	<u>Capital reserve</u> (RMB'000)	<u>Translation reserve</u> (RMB'000)	<u>Accumulated profits/ (losses)</u> (RMB'000)	<u>Equity attributable to owner of the Company</u> (RMB'000)
<b><u>The Company</u></b>					
<b>Balance at 1 Jan 2015</b>	101,237	10,603	(4,146)	(69,955)	<b>37,739</b>
Total comprehensive income/(loss) for the period					
Loss for the period	-	-	-	(2,829)	<b>(2,829)</b>
Other comprehensive income	-	-	(1,496)	-	<b>(1,496)</b>
Total	-	-	(1,496)	(2,829)	<b>(4,325)</b>
Balance at 31 Mar 2015	<u>101,237</u>	<u>10,603</u>	<u>(5,642)</u>	<u>(72,784)</u>	<u><b>33,414</b></u>
<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	-	-	-	(1,998)	(1,998)
Other comprehensive income	-	-	719	-	719
Total	-	-	719	(1,998)	<b>(1,279)</b>
<b>Balance at 31 Mar 2014</b>	<u>101,237</u>	<u>10,603</u>	<u>(2,063)</u>	<u>(65,038)</u>	<u><b>44,739</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 March 2015, 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 March 2015 (31 March 2014: 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 2014 and 31 March 2015, 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 March 2015 (31 March 2014: Nil). There was no sale, transfer, disposal, cancellation and/or use of treasury shares as at 31 March 2015.

**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 2014, except for the adoption of the new and revised Financial Reporting Standards ("FRS") which came into effect of this financial year from 1 January 2015. 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.**

	<b>First Quarter</b>	
	<b>1 Jan 2015 to 31 Mar 2015</b>	<b>1 Jan 2014 to 31 Mar 2014</b>
Earnings per ordinary share attributable to owners of the Company		
(a) Based on the weighted average number of ordinary shares in issue (RMB cents)	(4.06)	(1.95)
Weighted average number of ordinary shares	285,576,000	285,576,000
(b) On a fully diluted basis (RMB cents)	(4.06)	(1.95)
Weighted average number of ordinary shares	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.**

	<b>Group</b>		<b>Company</b>	
	<b>31 Mar 2015</b>	<b>31 Dec 2014</b>	<b>31 Mar 2015</b>	<b>31 Dec 2014</b>
Net asset value per share based on issued share capital (RMB cents)	60.59	67.28	11.70	13.22
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>First Quarter</u>			
	<u>1 Jan 15 to 31 Mar 15</u>		<u>1 Jan 14 to 31 Mar14</u>	
	(RMB'000)	%	(RMB'000)	%
Revenue by type of services:				
Agency service fee	7,178	5.1	3,388	3.2
Management service fee	981	0.7	4,013	3.8
Shipbuilding revenue	76,104	54.3	30,589	29.0
EPC project income	5,867	4.2	-	-
Ship-design fee income	49,929	35.7	63,736	60.4
Other income	-	-	3,788	3.6
Total revenue	<u>140,059</u>	<u>100.0</u>	<u>105,514</u>	<u>100.0</u>

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

### Consolidated Statement of Comprehensive Income

#### Revenue

In 1Q2015, the Group's revenue came mainly from shipbuilding, agency service, EPC project and ship-design businesses. Group revenue increased 33% to RMB140.06 million in 1Q2015 from 1Q2014, attributed mainly to: (1) RMB45.52 million or 149% increase in shipbuilding income due to variations in percentage of completion achieved; (2) RMB5.87 million increase in EPC project income, while there was no such income generated in the corresponding period of last year, (3) RMB3.79 million or 112% increase in agency service fee due to variations in the milestones achieved in respect of projects. However, Ship-design income declined RMB13.81 million or 22% in 1Q2015 due to variation in project progress achieved and seasonal factors. Management service fee also declined, as there were fewer management service contracts entered into. Other income related to the ship-related steel trading business and no such income was generated in this quarter.

In both 1Q2015 and 1Q2014, 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.

#### Cost of sales and gross profit

Cost of sales increased RMB29.82 million or 40% to RMB103.59 million in 1Q2015, mainly due to higher revenue. Gross profit increased 15% but gross profit margin decreased from 30% to 26% in 1Q2015, mainly due to the lower revenue from the Ship design business which generally attracted a higher margin.

#### Other operating income

Other operating income in 1Q2015 decreased 76% to RMB0.60 million. Other operating income in 1Q2014 was boosted by a RMB2.34 million foreign exchange gain arising from the long-term loan denominated in Euro as a result of the movement of the Euro against the RMB.

#### 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 RMB1.90 million or 22%, to RMB10.68 million in 1Q2015, due mainly to increase in employee benefits expenses and higher headcount in our marketing team in our Shanghai office..

Operating lease expenses increased RMB0.30 million or 35% to RMB1.16 million in 1Q2015.

#### 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 RMB5.40 million or 22% to RMB30.46 million in 1Q2015 due largely to increase in amortisation expenses, general office expenses and employee benefits expenses as a result of higher headcount and provision for doubtful debt.

Operating lease expenses decreased RMB0.44 million or 12% to RMB3.14 million in 1Q2015, mainly due to the depreciation of the Euro which reduced the leasing expenses of our Finland subsidiary.

The depreciation charge for plant and equipment decreased RMB0.24 million or 24% to RMB0.77 million in 1Q2015. Amortisation of intangible assets increased RMB0.54 million or 53% to RMB1.55 million in 1Q2015 due mainly to the amortisation of software from Deltamarin Group.

#### Finance costs

Finance costs decreased RMB0.62 million or 19% to RMB2.65 million in 1Q2015, mainly due to repayment of shareholder loan and lower interest rate on new loan raised in 2014.

#### Other operating expenses

Other operating expenses increased to RMB4.66 million in 1Q2015 compared to RMB0.05 million in 1Q2014, due mainly to foreign exchange loss of RMB3.71 million in 1Q2015 arising from the Group's payables denominated in USD.

#### Share of results of associates

The share of profit from associates in 1Q2015 amounted to RMB0.02 million compared to RMB0.28 million in 1Q2014, mainly due to decrease in associates' profit.

#### Income tax expense

The operating subsidiaries in China and Finland are subject to an income tax rate of 25% and 20% respectively. Income tax expense decreased RMB1.09 million or 54% to RMB0.94 million in 1Q2015, mainly due to the lower profit generated by China subsidiaries and Deltamarin Group.

#### Loss for the period

After taking income tax expenses and non-controlling interests into account, net loss attributable to shareholders for 1Q2015 was RMB11.79 million, compared to RMB5.56 million in 1Q2014.

### **Statement of Financial Position**

#### Current assets

As at 31 March 2015, the Group's cash and bank balances amounted to RMB163.93 million, a decrease of RMB44.84 million from the RMB208.76 million as at 31 December 2014 as more cash was deployed to finance working capital requirements. Pledged bank deposit decreased from RMB92.48 million to RMB53.53 million due to maturity of the pledge deposit and released for payment to business activities.

Trade receivables amounted to RMB173.37 million as at 31 March 2015, comprising mainly: (1) RMB76.87 million due from clients, and (2) receivables from construction contract work in progress of RMB96.49 million, of which RMB53.59 million arose from shipbuilding business, RMB0.47 million from marine EPC projects and RMB42.43 million from ship-design business. The RMB47.55 million decrease in the Group's trade receivables was mainly due to (1) completion of the marine EPC projects and the trade receivable was reclassified to non-current receivable upon the shipowner exercising the

option to make repayment over three and a half years subject to 4% interest per annum, and (2) a recognition of the construction contract working in progress accordance to the percentage of completion in shipbuilding construction contract.

The Group's other receivables as at 31 March 2015 comprised mainly prepayments, other tax recoverable, staff advances and deposits. Other receivables increased RMB27.2 million or 34%, mainly due to (1) RMB14.66 million in prepayments for vessels under construction at shipyards and (2) RMB24.59 million in prepayment for pension and social insurance in Deltamarin Group.

#### Non-current assets

Plant and equipment comprised a motor vehicle, computers and software, furniture and fixtures, and office equipment. The decrease in plant and equipment of RMB0.33 million was mainly due to the depreciation amounting to RMB0.8 million based on the remaining useful life of the plant and equipment, negative impact amounting to RMB0.6 million on the translation of plant and equipment denominated in Euro to RMB and addition of plant and equipment amounting to RMB1.07 million.

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. Intangible assets amounted to RMB86.04 million as at 31 March 2015, a decrease of RMB12.34 million compared to RMB98.38 million as at 31 December 2014. The decrease was mainly due to amortisation made through the financial period and weaken in Euro had an impact of the on the translation of the intangible assets denominated in Euro to RMB.

The Group's goodwill was arisen from the acquisition of Deltamarin Group and the amount was recognised based on the purchase price allocation exercise. The goodwill amounted to RMB97.08 million as at 31 March 2015, RMB12.12 million lower than RMB109.20 million as at 31 December 2014 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 March 2015, the details of which are set out in 1(b)(ii)(C)1, 2, 3 & 5.

Trade payables comprised mainly (1) amounts due to suppliers (RMB16.62 million), and (2) amounts due to construction contract customers (RMB9.83 million). Trade payables amounting to RMB26.45 million as at 31 March 2015, RMB23.46 million lower compared to RMB49.91 million as at 31 December 2014.

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 related company and accrued operating and office expenses in the financial period.

Income tax payable increased by RMB0.15 million from RMB1.38 million as at 31 December 2014 mainly due to the provision in income tax expenses incurred in 1Q2015 as well as the outstanding balance of income tax payable from last year.

#### 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 March 2015, the details of which are set out in 1(b)(ii)(C) 4.

Deferred tax liabilities represented the tax liabilities for the timing differences arising from the recognition of the intangible assets, deferred ship-design fee income and fair valuation of the Deltamarin Group's assets. Other non-current liabilities represented the outstanding amount of Technology patent which is repayable in two years, decrease due to the settlement a portion in 1Q2015.

#### Capital reserve

The amount of capital reserve as at 31 March 2015, comprised a deemed contribution from the former immediate holding company as a result of initial recognition of shareholder's loan at fair value.

#### **Consolidated cash flow statements**

Net cash outflow used in operating activities in 1Q2015 was RMB86.53 million compared to RMB17.78 million in the corresponding quarter last year. The higher cash outflow used in operating activities was mainly due to the decrease in payables and the increase in receivables.

Net cash from investing activities was RMB0.63 million in this quarter which was mainly due received from trade receivable arising from marine EPC projects and purchase of PPE. In 1Q2015, RMB40.42 million of net cash inflow generated from financing activities, compared to net cash inflow RMB7.85 million of 1Q2014 and this was mainly due to the release of pledged bank deposit.

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

No forecast was given in our results announcements since the date of Company's admission into Mainboard of SGX-ST ("Result Announcements").

**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.**

Overall conditions are expected to remain challenging in the remainder of 2015 for the global maritime industry. The order flow for new vessels decreased significantly globally for commercial vessels. However, there is some growth expected in seaborne trade and with lower oil prices, it will be helpful for the shipping market. Moreover, China's "one road, one belt" framework and the establishment of Asian Infrastructure Investment Bank is expected to boost the intra-Asian trade volumes, and, as a result, create higher demand and more business activities for the shipping and shipbuilding industry.

This quarter, Deltamarin's first B Delta43 bulk carrier was successfully delivered to the German shipowner. At the same time, Deltamarin has received a new order of four B Delta43 handy size bulkers from Phoenix Shipping & Trading. This particular design demonstrates improved manoeuvrability compared to standard class bulk carriers and very low vibration levels due to the optimised propulsion arrangements.

The group has also embarked on two M&As, namely the acquisition of Shanghai Catic Industrial Co., Ltd and AVIC Zhenjiang Shipyard Marine Pte. Ltd., announced in April 2015, which are in line with the Group's strategy for growth.

**11 Dividend**

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

None.

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

None.

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

Not applicable.

**(d) Books closure date**

Not applicable.

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

No interim dividend has been declared or recommended for the quarter ended 31 March 2015.

**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 Jan 2015 to 31 Mar 2015</u>		
<b>Transaction for Interest expenses</b>		
AVIC International Kairong Limited (Note C)	-	283
<b>Transaction for Management fee income</b>		
AVIC Dingheng Shipbuilding Co., Ltd	-	500
<b>Transaction for Service fee income</b>		
AVIC Weihai Shipyard Co., Ltd	-	1,575
AVIC Dingheng Shipbuilding Co., Ltd	-	2,287
<b>Transaction for Shipbuilding contract cost</b>		
AVIC Weihai Shipyard Co., Ltd	-	58,609
<b>Transaction for Shipbuilding contract income</b>		
AVIC International Beijing Co., Ltd	-	76,104
<u>1 Jan 2014 to 31 Mar 2014</u>		
<b>Transaction for Interest expenses</b>		
AVIC International Kairong Limited (Note C)	-	301
<b>Transaction for Management fee income</b>		
AVIC Dingheng Shipbuilding Co., Ltd	-	2,150
AVIC Zhengjiang Shipyard Marine Pte Ltd	-	102
<b>Transaction for Service fee income</b>		
AVIC Dingheng Shipbuilding Co., Ltd	-	930
Taizhou CATIC Shipbuilding Heavy Industry Limited	-	651
<b>Transaction for Ship-designing fee income</b>		
AVIC International Kairong Limited	-	1,641

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) The details of the interest expenses to AVIC Kairong are disclosed in **1(b)(ii)(C)1** of the announcement.

#### **14 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 March 2015, 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.

#### **15 Confirmation of the Board**

The directors of the Company have confirmed that, to the best of their knowledge, nothing has come to the attention of the board of directors which may render the unaudited financial results for the three months ended 31 March 2015 to be false or misleading in any material aspect.

#### **On Behalf of the Board of Directors**

Dr Diao Weicheng  
Executive Chairman  
15 May 2015