



AVIC INTERNATIONAL MARITIME HOLDINGS LIMITED

(formerly known as AVIC International Investments Limited)

(Company Registration No. 201024137N)

AVIC Maritime announcement of results 1Q2015

- Revenue rose by 33% to RMB140.1 million mainly generated from shipbuilding income, EPC project income and agency service fee
- Gross profit increased by 15% to RMB36.5 million but Group registered a net loss in 1Q2015 mainly due to foreign exchange losses and increased operating expenses arising from business expansion
- Group also embarked on two M&A's in 2015 for business growth

SINGAPORE, 15 May 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 three months ended 31 March 2015 (“1Q2015”) with an increase of 33% in Group’s revenue to RMB140.1 million. Highlights of the financial performance of the Group in 1Q2015 are shown in the table below:

Financial Highlights

RMB million	1Q2015	1Q2014	Chg%
Revenue	140.1	105.5	33
- Agency service fee	7.2	3.4	112
- Management service fee	1.0	4.0	(76)
- EPC project income	5.9	-	n.m.
- Shipbuilding revenue	76.1	30.6	149
- Ship-design fee income	49.9	63.7	(22)
- Other income	-	3.8	n.m.
Gross Profit	36.5	31.7	15
Marketing and distribution expenses	(10.7)	(8.8)	22
Administrative expenses	(30.5)	(25.1)	22
Other operating expenses	(4.8)	-	n.m.
Net Profit/ (Loss)	(12.4)	(4.7)	164

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

Business updates

Despite the challenging industry conditions, the Group continued to secure new contracts in 2015 till date. In total, the Group secured new orders for 5 vessels in 2015 year-to-date. The contracts included two 37,650 dwt bulk carriers and three dredgers. These orders will be progressively delivered till 2016.



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The Group's ship-design arm, Deltamarin Ltd. ("Deltamarin") made commendable progress in the last couple of months. Deltamarin enjoyed further success in order flow as the Vulica Shipping Co. Ltd placed orders for the first ever B.Delta68 SUL (Self-Unloading) vessels with Deltamarin last month. The contract value is about Euro 3 million, and the estimated contract period is about ten months. Delivery of the vessels is planned to take place before July 2017. The B.Delta68 SUL is a Panamax sized self-unloading bulk carrier featuring a state of the art, fuel efficient and environmental friendly design. Securing the first orders for B.Delta68 series reiterates Deltamarin's aspiration to continuously innovate and come up with newer, more environmentally friendly and relevant designs for clients.

Besides the above-mentioned, Deltamarin's first B.Delta43 bulk carrier was successfully delivered to the German shipowner in 1Q2015. Deltamarin also received a new order for 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.

Deltamarin's designing capabilities is gaining international recognition too as the New Horizon class PCTC (Pure Car Truck Carrier) design developed in cooperation by the owner Hoegh Autoliners and Deltamarin, has been shortlisted as one of the nominees for the Nor-Shipping Energy Efficiency Award. The New Horizon design is the world's highest capacity PCTC with a deck area of 71,400 square meters. The ship can carry 8,500 car equivalent units and has the flexibility to also carry high and heavy project cargo.

1Q2015 Review

The Group witnessed a 33% increase in revenue in 1Q2015, mainly due to positive revenue contributions from shipbuilding, agency service and EPC projects. Gross profit also increased for the quarter, by 15% to RMB36.5 million, but the Group recorded a net loss of RMB12.4 million, mainly due to foreign exchange losses and increased operating expenses related to business expansion.

The Group recorded a net foreign exchange loss in 1Q2015 of RMB3.7 million (1Q2014: gain of RMB2.3 million) from Group's payables denominated in USD. With expansion of business operations including the EPC segment, the operating expenses for the Group increased in 1Q2015 and administrative expenses and marketing and distribution expenses also increased by 22% respectively. Marketing expenses increased due to enhanced efforts in marketing as the Group increased headcount to market the Group's products and services. Administrative expenses also increased due to increase in number of administrative staff

Outlook/ Future Plans

Mr. Diao Weicheng (刁伟程), AVIC Maritime's Executive Chairman commented on the outlook and future plans of the Group, "**We are in an expansion mode as we are growing the business through both organic ways and through M&A. We are diversifying into**



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the EPC projects business leveraging on the synergies of AVIC and Deltamarin and we are continuously putting more effort in our ship design R&D to innovate and come out with newer and better designs. We have also embarked on two meaningful M&A's in 2015. One of the M&A's will give us exposure into the business and trade of acquiring, owning, selling, brokering and chartering of various types of vessels, including tugboats and offshore vessels. The other M&A will bring potential benefits from the redevelopment of a land located in the Shanghai Free Trade Zone in China

We currently have offices in few cities in China and our design R&D centre is located in Finland. With the move to a bigger, centralised and more strategic location, we will not only enhance the efficiency of the Group but will also be able to establish and grow our ship design capabilities in China.

With the Group being in expansionary mode, we did achieve higher revenue and gross profit for this quarter, but our bottom line was impacted by foreign exchange losses and increased operating expenses related to expansion. We feel that it will take some time to fully enjoy the fruits of the expansion plans that we have embarked on. Our plan is to will bring the Group to another level, and we are in the process of putting all the building blocks in place for our next phase of growth.”

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.

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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 capability in developing profitable, sustainable and cost-efficient vessel helps strengthen AVIC Maritime's foothold in ship design, shipbuilding and ship trading related businesses.



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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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