



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 30 SEPTEMBER 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 Third Quarter and Nine Months ended 30 September 2015

	Third Quarter			Nine Months		
	Group 1 Jul 15 to 30 Sep 15	Group 1 Jul 14 to 30 Sep 14	Change	Group 1 Jan 15 to 30 Sep 15	Group 1 Jan 14 to 30 Sep 14	Change
	(RMB'000)	(RMB'000)	%	(RMB'000)	(RMB'000)	%
Revenue	131,942	145,725	(9)	418,959	294,999	42
Cost of sales	(90,459)	(117,974)	(23)	(289,323)	(187,041)	55
Gross profit	41,483	27,751	49	129,636	107,958	20
Other operating income	752	13,140	(94)	1,967	19,831	(90)
Marketing and distribution expenses	(7,507)	(5,950)	26	(25,287)	(22,415)	13
Administrative expenses	(26,738)	(27,511)	(3)	(90,474)	(82,100)	10
Finance cost	(4,312)	(3,545)	22	(9,870)	(10,261)	(4)
Other operating expenses, net	3,293 ⁽¹⁾	-	N/M	(1,397) ⁽¹⁾	(2)	N/M
Share of results of associates	457	(466)	N/M	874	(425)	N/M
Profit before income tax	7,428	3,419	117	5,449	12,586	(57)
Income tax expense	(4,192)	(1,641)	155	(7,447)	(9,280)	(20)
Profit/(Loss) for the period	3,236	1,778	82	(1,998)	3,306	N/M
<u>Profit attributable to:</u>						
Owners of the company	3,586	2,967	21	(71)	1,140	N/M
Non-controlling interests	(350)	(1,189)	(71)	(1,927)	2,166	N/M
Profit/(Loss) for the period	3,236	1,778	82	(1,998)	3,306	N/M

	Third Quarter			Nine Months		
	Group	Group	Change	Group	Group	Change
	1 Jul 15 to 30 Sep 15	1 Jul 14 to 30 Sep 14		1 Jan 15 to 30 Sep 15	1 Jan 14 to 30 Sep 14	
(RMB'000)	(RMB'000)	%	(RMB'000)	(RMB'000)	%	
<u>Other comprehensive income/(loss)</u>						
Exchange differences arising on translation	15,719	(14,236)	N/M	1,325	(19,910)	N/M
Available for sale financial asset –fair value	-	-		-	-	
Total comprehensive profit/(loss) for the period	18,955	(12,458)	N/M	(673)	(16,604)	(96)

Total comprehensive profit/(loss) attributable to:

Owners of the company	16,550	(6,882)	N/M	3,409	(14,880)	NM
Non-controlling interests	2,405	(5,576)	N/M	(4,082)	(1,724)	137
Total comprehensive profit/(loss) for the period	18,955	(12,458)	N/M	(673)	(16,604)	(96)

- (1) The group had a RMB3.6 million net foreign exchange gain in 3Q2015, which however was included in other operating expenses to offset the net foreign exchange loss incurred by the group during the past period in 2015, and there was a net foreign exchange loss for the group for the nine months of 2015.

1(a)(ii) Notes to the Consolidated Statement of Comprehensive Income for the Third Quarter and Nine Months ended 30 Sept 2015

	Third Quarter			Nine Months		
	Group	Group	Change	Group	Group	Change
	1 Jul 15 to 30 Sep 15	1 Jul 14 to 30 Sep 14		1 Jan 15 to 30 Sep 15	1 Jan 14 to 30 Sep 14	
(RMB'000)	(RMB'000)	%	(RMB'000)	(RMB'000)	%	
Interest income	741	242	206	1,859	1,178	58
Net foreign exchange gain/(loss)	3,653	12,821	(72)	(92)	18,363	N/M
Interest expenses on borrowings	(3,550)	(2,781)	28	(8,852)	(8,666)	2
Operating lease expenses	(4,813)	(4,309)	12	(13,184)	(12,913)	2
Depreciation of plant and equipment	(831)	(834)	(1)	(2,382)	(2,690)	(12)
Plant and equipment written off	-	(24)	N/M	-	(59)	N/M
Amortisation of intangible assets	(1,599)	(2,547)	(37)	(4,645)	(3,908)	19
Allowance for doubtful debt	(17)	-	N/M	(513)	-	N/M
Asset available for sales written off	(34)	-	N/M	(34)	-	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 30 September 2015

	Group		Company	
	30 Sep 2015 (RMB'000)	31 Dec 2014 (RMB'000)	30 Sep 2015 (RMB'000)	31 Dec 2014 (RMB'000)
Assets				
<u>Current assets</u>				
Cash and cash equivalents	247,080	208,763	2,605	10,373
Pledged cash placed with a bank	137,971	92,475	-	-
Trade receivables	171,743	220,917	-	-
Other receivables	124,444	79,391	152	335
Amount due from subsidiaries	-	-	4,881	2,089
Inventory	181,011	481	-	-
	862,249	602,027	7,638	12,797
<u>Non-current assets</u>				
Plant and equipment	8,261	8,094	-	10
Investment in subsidiaries	-	-	376,838	393,143
Investment in associates	1,296	405	-	-
Available-for-sale investments	11	49	-	-
Goodwill	104,594	109,203	-	-
Intangible assets	90,590	98,381	-	-
Deferred tax assets	453	497	-	-
Trade receivables	35,172	-	-	-
	240,377	216,629	376,838	393,153
Total assets	1,102,626	818,656	384,476	405,950
<u>Current liabilities</u>				
Current portion of long-term loan	-	136,030	-	136,030
Short-term loan	158,735	9,289	-	-
Trade payables	35,006	49,905	-	-
Advance received	16,526	38,744	-	-
Other payables and accruals	132,213	85,201	152,386	23,174
Finance lease liabilities	958	967	-	-
Income tax payable	4,960	1,377	-	-
	348,398	321,513	152,386	159,204
<u>Non-current liabilities</u>				
Long-term loan	480,342	228,239	200,336	209,007
Finance lease liabilities	835	806	-	-
Deferred tax liabilities	19,579	22,039	-	-
Other non-current liabilities	1,789	3,735	-	-
	502,545	254,819	200,336	209,007
Total liabilities	850,943	576,332	352,722	368,211

	Group		Company	
	30 Sep 2015 (RMB'000)	31 Dec 2014 (RMB'000)	30 Sep 2015 (RMB'000)	31 Dec 2014 (RMB'000)
Capital and reserves				
Share capital	101,237	101,237	101,237	101,237
Capital reserve	12,470	12,470	10,603	10,603
Merger reserve	(3,664)	-	-	-
Statutory reserve	11,988	11,988	-	-
Translation reserve	14,394	10,914	(5,635)	(4,146)
Accumulated profits/(losses)	55,459	55,530	(74,451)	(69,955)
	191,884	192,139	31,754	37,739
Non-controlling interests	59,799	50,185	-	-
Total equity	251,683	242,324	31,754	37,739
Total equity and liabilities	1,102,626	818,656	384,476	405,950

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 30 Sep 2015	
Secured (RMB'000)	Unsecured (RMB'000)
958	158,735

As at 31Dec2014	
Secured (RMB'000)	Unsecured (RMB'000)
967	145,319

(B) Amount repayable after one year

As at 30 Sep 2015	
Secured (RMB'000)	Unsecured (RMB'000)
835	480,342

As at 31Dec 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. On 2 September 2015, the group had fully repaid this loan by refinanced the loan from ICBC Asia.

- 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. On 2 September 2015, the group had fully repaid this loan by refinanced the loan from ICBC Asia.
- 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 floating interest rate of 1.40% per annum over SIBOR which amounts to 2.86% as at 30 September 2015 (30 September 2014:1.62%). As at 30 September 2015, the principal loan amount of SGD2,000,000 (30 September 2014: SGD2,000,000) remained outstanding, and is due within 12 months.
- 6 As at 30 September 2015, certain plant and equipment with carrying amount of EUR246,813 or RMB 1,766,067 equivalent (30 September 2014: EUR265,515 or RMB2,073,088) are secured by the lessors’ titles to the leased assets.
- 7 On 6 March 2015, 14 April 2015 and 29 July 2015, AVIC Tidestar Fast Offshore Pte Ltd (“ATFO”), a 65%-owned subsidiary of the Group, obtained three unsecured loans of USD353,500, USD483,000 and USD35,000 respectively from Tides Fast Offshore Pte Ltd, a 35% shareholder of ATFO. These loans carry an interest rate of 5% per annum and are repayable on demand.
- 8 On 31 October 2014, the Group entered into a 2-year transferable term loan facility arrangement with China Construction Bank (CCBC) for a limit of USD3,000,000. On 10 April 2015, the Group had drawn down USD2,000,000. The principal of loan is due to be repaid in two years from the date of the loan drawdown on 10 April 2015 .The loan carries a floating interest rate of 2.70% per annum over LIBOR.
- 9 On 19 May 2015, the Group entered into a 3-year term loan facility arrangement with Industrial And Commercial Bank of China (Asia) Limited (ICBC-Asia) for a limit of USD50,000,000 and secured by the corporate guarantee of AVIC International Holding Limited, an immediate holding company of the Group. On 2 September 2015, the Group had drawdown USD42,000,000. The principal of loan is due to be repaid in 3 years from the date loan drawdown on 2 September 2015. The loan carries a floating interest rate of 2.60% per annum over LIBOR.
- 10 On 8 September 2015, the group completed acquisition 60% of the issued and paid-up shares capital on AVIC Zhenjiang Shipyard Marine Pte. Ltd (“AZM”). On 5 June 2014, AZM entered into a 2-year term loan facility arrangement with China Merchants Bank Co., Ltd for a limit of USD23,100,000 and secured by the corporate guarantee of Jiangsu Zhenjiang Shipyard (Group) Co., Ltd. (40% shareholder of AZM). As at 30 September 2015, AZM had drawdown aggregated amount of USD16,500,000. The principal of loan is due to be repaid on 20 May 2016. The loan carries a floating interest rate of 5% per annum over LIBOR.

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 Third Quarter and Nine Months ended 30 September 2015

	Third Quarter		Nine Months	
	Group	Group	Group	Group
	1 Jul 15 to 30 Sep 15 (RMB'000)	1 Jul 14 to 30 Sep 14 (RMB'000)	1 Jan 15 to 30 Sep 15 (RMB'000)	1 Jan 14 to 30 Sep 14 (RMB'000)
Operating activities				
Profit before income tax	7,428	3,419	5,449	12,586
Adjustments for:				
Share of results of associates	(457)	466	(874)	425
Interest income	(741)	(242)	(1,859)	(1,178)
Interest expenses	3,550	2,781	8,852	8,666
Depreciation of plant and equipment	831	834	2,382	2,690
Amortisation of intangible assets	1,599	2,547	4,645	3,908
Plant and equipment written off	-	24	-	59
Assets available for sales written off	34	-	34	-
Allowance for doubtful debt	17	-	513	-
Net foreign exchange unrealised (gain)/loss	(2,687)	(12,821)	208	(18,363)
Operating cash flows before movements in working capital	9,574	(2,992)	19,350	8,793
Trade receivables	50,215	8,730	(818)	(80,584)
Other receivables	(3,521)	(13,475)	10,396	(53,712)
Inventory	(17,760)	-	(17,969)	-
Trade payables	16,298	7,749	(13,164)	14,932
Advance received	2,195	15,602	(27,718)	66,009
Other payables and accruals	26,117	(88,054)	22,087	(7,906)
Cash from/(used in) operations	83,118	(75,813)	(7,836)	(52,468)
Income taxes paid	(2,215)	(8,821)	(5,554)	(19,299)
Interest received	437	242	857	1,178
Net cash from/(used in) operating activities	81,340	(84,392)	(12,533)	(70,589)
Investing activities				
Purchase of plant and equipment (Note A)	(551)	(69)	(1,853)	(2,643)
Purchase of intangible assets	(121)	(768)	(2,850)	(18,637)
Interest received	304	-	1,002	-
Partial repayment from EPC project customer	3,819	-	8,527	-
Net cash paid for acquisition of a subsidiary	(20,443)	-	(20,443)	-
Net cash used in investing activities	(16,992)	(837)	(15,617)	(21,280)
Financing activities				
(Increase)/Decrease in pledged bank deposit	(95,513)	(26,811)	(45,497)	(33,060)
New bank loan raised	267,383	-	279,583	9,794
Proceeds from shareholder's loan	14,198	-	19,315	-
Proceeds on issue of subsidiary's shares to non-controlling shareholders	-	-	857	-
Interest paid	(1,356)	(1,047)	(4,430)	(4,046)
Repayment of a former majority shareholder's loan	(155,052)	-	(155,052)	-

	Third Quarter		Nine Months	
	Group	Group	Group	Group
	1 Jul 15 to 30 Sep 15 (RMB'000)	1 Jul 14 to 30 Sep 14 (RMB'000)	1 Jan 15 to 30 Sep 15 (RMB'000)	1 Jan 14 to 30 Sep 14 (RMB'000)
Repayment of related party's loan	(31,169)	-	(31,169)	-
Repayment of finance leases	(312)	-	(868)	(719)
Net cash (used in)/from financing activities	(1,821)	(27,858)	62,739	(28,031)
Net increase/(decrease) in cash and cash equivalents	62,527	(113,087)	34,589	(119,900)
Effect of exchange rate changes on the balance of cash held in foreign currencies	3,470	308	3,728	1,020
Cash and cash equivalents at beginning of the financial period	181,083	397,133	208,763	403,234
Cash and cash equivalents at end of the financial period	247,080	284,354	247,080	284,354

Note A: Purchase of plant and equipment

During 3Q2015, the Group acquired plant and equipment with an aggregate cost of approximately RMB1,023,000 (3Q2014: RMB413,000) of which RMB472,000 (3Q2014: RMB344,000) were acquired by means of finance leases, and cash payment of RMB551,000 (3Q2014: RMB69,000) were made to purchase the plant and equipment.

During 9M2015, the Group acquired plant and equipment with an aggregate cost of approximately RMB2,810,000 (9M2014: RMB4,070,000) of which RMB957,000 (9M2014: RMB1,427,000) were acquired by means of finance leases, and cash payment of RMB1,853,000 (9M2014: 2,976,000) were made to purchase the 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

	<u>Share capital</u> (RMB'000)	<u>Capital reserve</u> (RMB'000)	<u>Merger reserve</u> (RMB'000)	<u>Statutory reserve</u> (RMB'000)	<u>Translation reserve</u> (RMB'000)	<u>Accumulated profits/ (losses)</u> (RMB'000)	<u>Equity attributable to owners of the Company</u> (RMB'000)	<u>Non-controlling interests</u> (RMB'000)	<u>Total equity</u> (RMB'000)
The Group									
Balance at 1 Jan 2015	101,237	12,470	-	11,988	10,914	55,530	192,139	50,185	242,324
Total comprehensive loss for the period									
Loss for the period	-	-	-	-	-	(3,657)	(3,657)	(1,577)	(5,234)
Other comprehensive loss	-	-	-	-	(9,484)	-	(9,484)	(4,910)	(14,394)
Total	-	-	-	-	(9,484)	(3,657)	(13,141)	(6,487)	(19,628)
Transactions with owners, recognised directly in equity									
Non-controlling interest arising from issue of subsidiary's shares to non-controlling shareholders	-	-	-	-	-	-	-	857	857
Total	-	-	-	-	-	-	-	857	857
Balance at 30 Jun 2015	101,237	12,470	-	11,988	1,430	51,873	178,998	44,555	223,553
Total comprehensive income/(loss) for the period									
Profit/(Loss) for the period	-	-	-	-	-	3,586	3,586	(350)	3,236
Other comprehensive income	-	-	-	-	12,964	-	12,964	2,755	15,719
Total	-	-	-	-	12,964	3,586	16,550	2,405	18,955
Transactions with owners, recognised directly in equity									
Merger reserve arising from acquisition of a subsidiary	-	-	(3,664)	-	-	-	(3,664)	-	(3,664)
Non-controlling interest arising from acquisition of a subsidiary	-	-	-	-	-	-	-	12,839	12,839
Total	-	-	(3,664)	-	-	-	(3,664)	12,839	9,175
Balance at 30 Sep 2015	<u>101,237</u>	<u>12,470</u>	<u>(3,664)</u>	<u>11,988</u>	<u>14,394</u>	<u>55,459</u>	<u>191,884</u>	<u>59,799</u>	<u>251,683</u>

	<u>Share capital</u> (RMB'000)	<u>Capital reserve</u> (RMB'000)	<u>Statutory reserve</u> (RMB'000)	<u>Translation reserve</u> (RMB'000)	<u>Accumulated profits/ (losses)</u> (RMB'000)	<u>Equity attributable to owners of the Company</u> (RMB'000)	<u>Non-controlling interests</u> (RMB'000)	<u>Total equity</u> (RMB'000)
The Group								
Balance at 1 Jan 2014	101,237	12,470	10,209	21,231	42,868	188,015	54,508	242,523
Total comprehensive (loss)/income for the period								
(Loss)/Profit for the period	-	-	-	-	(1,828)	(1,828)	3,356	1,528
Other comprehensive (loss)/income	-	-	-	(5,669)	-	(5,669)	616	(5,053)
Total	-	-	-	(5,669)	(1,828)	(7,497)	3,972	(3,525)
Balance at 30 Jun 2014	101,237	12,470	10,209	15,562	41,040	180,518	58,480	238,998
Total comprehensive income/(loss) for the period								
Profit/(loss) for the period	-	-	-	-	2,967	2,967	(1,189)	1,778
Other comprehensive (loss)/income	-	188	-	(9,830)	-	(9,642)	(4,385)	(14,027)
Total	-	188	-	(9,830)	2,967	(6,675)	(5,574)	(12,249)
Balance at 30 Sep 2014	101,237	12,658	10,209	5,732	44,007	173,843	52,906	226,749

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)
<u>The Company</u>					
Balance at 1 Jan 2015	101,237	10,603	(4,146)	(69,955)	37,739
Total comprehensive loss for the period					
Loss for the period	-	-	-	(707)	(707)
Other comprehensive loss	-	-	(981)	-	(981)
Total	-	-	(981)	(707)	(1,688)
Balance at 30 Jun 2015	101,237	10,603	(5,127)	(70,662)	36,051
Total comprehensive income for the period					
Profit for the period	-	-	-	(3,789)	(3,789)
Other comprehensive income	-	-	(508)	-	(508)
Total	-	-	(508)	(3,789)	(4,297)
Balance at 30 Sep 2015	101,237	10,603	(5,635)	(74,451)	31,754
<u>The Company</u>					
Balance at 1 Jan 2014	101,237	10,603	(2,782)	(63,040)	46,018
Total comprehensive income/(loss) for the period					
Loss for the period	-	-	-	(3,150)	(3,150)
Other comprehensive income	-	-	991	-	991
Total	-	-	991	(3,150)	(2,159)
Balance at 30 Jun 2014	101,237	10,603	(1,791)	(66,190)	43,859
Total comprehensive income/(loss) for the period					
Loss for the period	-	-	-	7,487	7,487
Other comprehensive loss	-	-	(945)	-	(945)
Total	-	-	(945)	7,487	6,542
Balance at 30 Sep 2014	101,237	10,603	(2,736)	(58,703)	50,401

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 2014. As at 30 September 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 30 September 2015 (30 September 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 30 September 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 30 September 2015 (30 September 2014: Nil). There was no sale, transfer, disposal, cancellation and/or use of treasury shares as at 30 September 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. Merger accounting was newly adopted in order to account for the acquisition of a subsidiary under common control of the ultimate holding company completed on 8 September 2015.

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.

As items mentioned in 4 above.

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.

	Third Quarter		Nine Months	
	1 Jul 2015 to 30 Sep 2015	1 Jul 2014 to 30 Sep 2014	1 Jan 2015 to 30 Sep 2015	1 Jan 2014 to 30 Sep 2014
Earnings/(Losses) per ordinary share attributable to owners of the Company				
(a) Based on the weighted average number of ordinary shares in issue (RMB cents)	1.26	1.04	(0.02)	0.40
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)	1.26	1.04	(0.02)	0.40
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/(loss) 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	
	30 Sep 2015	31 Dec 2014	30 Sep 2015	31 Dec 2014
Net asset value per share based on issued share capital (RMB cents)	67.19	67.28	11.12	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>Third Quarter</u>				<u>Nine Months</u>			
	<u>1 Jul 15 to 30 Sep 15</u>		<u>1 Jul 14 to 30 Sep 14</u>		<u>1 Jan 15 to 30 Sep 15</u>		<u>1 Jan 14 to 30 Sep 14</u>	
	(RMB'000)	%	(RMB'000)	%	(RMB'000)	%	(RMB'000)	%
Revenue by type of services:								
Agency service fee	14,816	11.2	3,382	2.3	34,964	8.3	15,254	5.2
Management service fee	557	0.4	5,450	3.7	3,232	0.8	14,994	5.1
Shipbuilding revenue	60,101	45.6	41,594	28.5	208,195	49.7	26,913	9.1
EPC project income	981	0.7	-	-	6,910	1.6	-	-
Ship-design fee income	55,487	42.1	48,958	33.7	165,658	39.6	187,709	63.6
Other income	-	-	46,341	31.8	-	-	50,129	17.0
Total revenue	<u>131,942</u>	<u>100.0</u>	<u>145,725</u>	<u>100.0</u>	<u>418,959</u>	<u>100.0</u>	<u>294,999</u>	<u>100.0</u>

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

Consolidated Statement of Comprehensive Income

Revenue

The main drivers of Group's revenue continued to be shipbuilding and ship-design businesses. The RMB14 million decrease in revenue in 3Q15 was mainly attributed to: (1) absence of ship-related steel trading revenue in 3Q2015, while such business contributed revenue of RMB46.3 million in 3Q2014 (recorded under Other income); and (2) a RMB 4.9 million decline in Management service fee, as there were fewer management service contracts entered into in 3Q2015. However, the Group's core business segments recorded increases in revenue. Shipbuilding revenue increased RMB18.5 million or 44% due to variations in percentage of completion achieved, while Ship-design fee income increased by RMB6.5 million or 13% in 3Q2015 due to variation in project progress achieved. Agency service fee also increased RMB11.4 million or 338% in accordance with the milestones achieved in respect of projects.

In both 3Q2015 and 3Q2014, the Agency 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. EPC project income was mainly derived from Europe.

Cost of sales and gross profit

Cost of sales in 3Q2015 amounted to RMB90.5 million, giving rise to a gross profit of RMB41.5 million. Gross profit in the previous corresponding period was RMB27.8 million. The increase in gross profit was mainly attributed to the higher profit margin in shipbuilding business.

Other operating income

Other operating income decreased 94% to RMB0.7 million and it was mainly consist of interest income. Other operating income in 3Q2014 was boosted by a RMB12.8 million net foreign exchange gain arising from the long-term loan denominated in Euro as a result of the movement of the Euro against the SGD.

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 from RMB6 million to RMB7.5 million in 3Q2015. Increase was due to higher in travelling expense and employee benefits expenses as a result of higher headcount.

Operating lease expenses increased RMB0.2 million or 23% to RMB1.2million in 3Q2015 due mainly to the increase in leasing expenses from China subsidiaries.

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 slightly decreased to RMB26.7 million in 3Q2015 mainly due to decrease in office expense and transportation expense. The decrease was offset by the increase in professional fees and employee benefits expenses as a result of higher headcount.

Operating lease expenses increased RMB0.5 million or 12% to RMB4.8 million in 3Q2015, mainly due to increase leasing expenses of our Finland subsidiary.

The depreciation charge for plant and equipment showed no material change. Amortisation of intangible assets, which were denominated in Euro, decreased RMB0.9 million or 37% to RMB1.6 million in 3Q2015 mainly due to the depreciation of the Euro against RMB as compared to the corresponding period last year.

Finance costs

Finance costs in 3Q2015 increased RMB0.8 million to RMB4.3 million due mainly to new loan raised and amounted to USD42 million bear with interest 2.60% over LIBOR.

Other operating expenses

Other operating expenses comprised mainly plant and equipment written off and allowance for doubtful debts, but offset by a net foreign exchange gain of RMB3.6 million in 3Q2015, which also explains the positive amount in 3Q2015. The foreign exchange gain in 3Q2015 was grouped under other operating expenses due to the net loss position for the nine months in 2015.

Share of results of associates

The share of profit from associates in 3Q2015 amounted to RMB0.5 million compared to a loss of RMB0.5 million in 3Q2014, mainly due to increase in associates' profit.

Income tax expense

The operating subsidiaries in China and Finland are subject to income tax rate of 25% and 20% respectively. Income tax expense increased RMB2.6 million or 155% to RMB4.2 million in 3Q2015, mainly due to the higher profit generated by China subsidiaries and Deltamarin Group.

Profit for the period

After taking income tax expenses and non-controlling interests into account, net profit attributable to shareholders for 3Q2015 was RMB3.6 million, compared to RMB3.0 million in 3Q2014.

Statement of Financial Position

Current assets

As at 30 September 2015, the Group's cash and bank balances amounted to RMB247.1 million, an increase of RMB38.3 million from the RMB208.8 million as at 31 December 2014 as more cash was deployed to finance working capital requirements. Pledged bank deposit increased from RMB92.5 million to RMB138 million, and this was mainly due to payments received from shipbuilding contracts pending their subsequently release to the shipbuilders.

Trade receivables decreased by RMB49.2 million or 22% to RMB171.7 million as at 30 September 2015. Trade receivables comprised mainly: (1) RMB73.5 million due from clients, and (2) receivables from construction contract work in progress of RMB98.2 million, of which RMB42.7 million arose from shipbuilding business and RMB55.5 million from ship-design business.

The Group's other receivables as at 30 September 2015 comprised mainly prepayments, other tax recoverable, staff advances and deposits. Other receivables increased RMB45.1 million or 57%, mainly due to RMB83.5 million in the prepayments for vessels under construction at shipyards, and the offset by the receipt of RMB40 million tax recoverable during the period.

The Group's inventory as at 30 September 2015 amounted to RMB180.8 million was mainly due to completion of acquisition of a subsidiary which comprised of 6 vessels under construction at shipyards under the subsidiary's book.

Non-current assets

Plant and equipment comprised motor vehicle, computers and software, furniture and fixtures, and office equipment. The increase in plant and equipment of RMB0.2 million was mainly due to the addition of RMB2.8 million, depreciation amount of RMB2.3 million and negative impact amounting to RMB0.3 million on the translation of plant and equipment denominated in Euro to RMB.

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 Deltamarin Group.

Intangible assets comprised software licenses, Brand name and Technical knowhow. Intangible assets amounted to RMB90.6 million as at 30 September 2015, a decrease of RMB7.8 million compared to RMB98.4 million as at 31 December 2014. The decrease was mainly due to amortisation made in the financial period and the effect of depreciation of Euro against RMB on the translation of the intangible assets denominated in Euro.

The Group's goodwill arose from the acquisition of Deltamarin Group and the amount was recognised based on the purchase price allocation exercise. The goodwill amounted to RM104.6 million as at 30 September 2015, RMB4.6 million lower than RMB109.2 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 were 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 30 September 2015, the details of which are set out in 1(b)(ii)(C)1, 2, 3,5, 7&10. The shareholder's loans from AVIC Kairong (items 1, 2 &3) have been fully repaid as at 2 September 2015.

Trade payables comprised mainly (1) amounts due to suppliers (RMB25.1 million), and (2) amounts due to construction contract customers (RMB9.9 million). Trade payables amounted to RMB35 million as at 30 September 2015, RMB14.9 million lower than that as at 31 December 2014, mainly due to decrease of RMB29.6 million in trade payables to suppliers, partially offset by the increase of RMB14.2 million in payables for vessels under construction at shipyards.

Advances received represented amounts received on behalf of shipyards for acquiring tools and equipment which amounted to RMB16.5 million as at 30 September 2015, compared to RMB38.7 million as at 31 December 2014. The decrease was mainly due to payments made to procure tools and equipment as the shipbuilding progressed.

Other payables and accruals consisted of withholding taxes payable, sales tax and surcharges payable, accrued operating and office expenses, and amount due to the Company's related parties which was non-trade in nature. The RMB47 million increase in other payables balance from RMB85.2 million as at 31 December 2014 to RMB132.2 million as at 30 September 2015, was mainly due to the increase in (1) accrual cost of RMB9.9 million for vessels under construction at shipyards, (2) amount due to a related party of RMB12.6 million for purpose of payment on behalf in vessels under construction at shipyards,

and (3) RMB56.5 million received on behalf of a related party for the purpose of procure the shipbuilding tools. However, these were partially offset by the repayment of amount due to former majority shareholder of RMB18.6 million and RMB12.5 million paid to procure the shipbuilding tools.

Income tax payable increased by RMB3.6 million from RMB1.4 million as at 31 December 2014 to RMB5 million as at 30 September 2015 was mainly due to the provision for income tax expenses.

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 30 September 2015, the details of which are set out in 1(b)(ii)(C)4, 8&9. There were two new bank loans (8&9) raised during the period and resulted the non-current term loan increased from RMB228.2 million to RMB480.3 million.

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 Deltamarin Group's assets. Other non-current liabilities represented the outstanding amount of Technology patent. The decrease was due to partial settlement of the outstanding amount in 3Q2015.

Capital reserve

The amount of capital reserve as at 30 September 2015, comprised a deemed contribution from the former majority shareholder as a result of initial recognition of shareholder's loan at fair value.

Merger reserve

The amount of merger reserve as at 30 September 2015 arose from the acquisition of a subsidiary under common control of the ultimate holding company by applying the merger accounting policy. The group has announced on 3 April 2015 for the consideration price of this subsidiary.

Consolidated cash flow statements

Net cash inflow from operating activities in 3Q2015 was RMB81.3 million compared to net cash outflow of RMB84.3 million in the corresponding quarter last year. Cash inflow from operating activities during the quarter was attributed mainly to the reduction in trade receivables and increase in trade payables, partially offset by increase in inventory for the vessels under construction at shipyards.

Net cash used in investing activities was RMB17 million in this quarter which was mainly due to cash used in acquisition of a subsidiary. In the previous corresponding quarter, net cash used in investing activities amounted to RMB0.8 million arising from the purchase of plant and equipment and intangible assets.

Net cash used in financing activities was RMB1.8 million in 3Q2015, compared to net cash outflow of RMB27.9 million in 3Q2014 and this was mainly due to (1) repayment of a former majority shareholder's loan of RMB155.1 million, (2) repayment of related party's loan of RMB31.2 million, and (3) increase in pledged bank deposit of RMB95.5 million. The cash outflow were partially offset by (1) new bank loans raised amounted to RMB267.4 million and (2) additional shareholder's loan amounted to RMB14.2 million.

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 made in the current financial year.

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 overall conditions in the global maritime industry continued to be sluggish due to reduced orders for new vessels amidst an oversupply of commercial vessels, and concerns about slowing economic growth in China and emerging markets. As such, business environment in the maritime industry is expected to remain challenging.

However, low oil prices and low-carbon environmental protection initiatives may provide some demand momentum for selective vessel types. Alongside this, the requirement to transport larger volumes over longer sailing distances in general may provide an avenue for growth of demand for more energy efficient ship designs.

China's "One Belt And One Road" initiative is expected to boost China's trade in the next decade. The initiative's emphasis on Asian-European connectivity can be expected to create higher demand and more business activities for the shipping and shipbuilding industry as the initiative pans out.

Amidst the challenging market conditions, the Group has continued to make profits in this quarter.

Deltamarin, with its energy efficient concepts and superior design capabilities, has created a multitude of new ship designs. These include a joint development project to equip the Dry Bulk Carriers of the Future with LNG propulsion, a revolutionary Multigas Carrier Design, an Artic Tanker Design, a Compact Ferry Design and a Future Container Feeder Design.

Deltamarin is also participating in a two year autonomous ship research project, Advanced Autonomous Waterborne Applications Initiative ("**AAWA**"), funded by Tekes, a Finnish Funding Agency for Technology and Innovation. The project brings together universities, ship designers, equipment manufacturers, and classification societies to explore the economic, social, legal, regulatory and technological factors which need to be addressed to make the initiative a reality. The project will run until the end of 2017 and will pave the way for a vessel designed to validate the project's research.

As announced previously, the Group has completed the acquisition of 60% of the issued and paid-up share capital of AVIC Zhenjiang Shipyard Marine Pte. Ltd., a joint venture company engaged in the business and trade of acquiring, owning, selling, brokering and chartering of various types of vessels, with a focus on vessel investment. The proposed acquisition of Shanghai CATIC Industrial co., Ltd. has been terminated as the relevant regulatory approval was not obtained within the period stipulated in the Sales and Purchase Agreements.

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 30 September 2015.

13 **Summary of Interested Person Transactions**

	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)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
	(RMB'000)	(RMB'000)
	Note (B)	
<u>1 Jul 2015 to 30 Sep 2015</u>		
Transaction for Interest expenses		
AVIC International Kairong Limited (Note C)	-	201
Transaction for Management fee income		
AVIC Dingheng Shipbuilding Co., Ltd	-	500
AVIC Zhenjiang Shipyard Marine Pte Ltd		89
Transaction for Service fee income		
AVIC Weihai Shipyard Co., Ltd	-	7,009
AVIC Dingheng Shipbuilding Co., Ltd	-	1,979
Transaction for Shipbuilding contract cost		
AVIC Weihai Shipyard Co., Ltd	-	49,004
Transaction for Shipbuilding contract income		
CATIC Beijing Co., Ltd	-	60,100
<u>1 Jan 2015 to 30 Sep 2015</u>		
Transaction for Interest expenses		
AVIC International Kairong Limited (Note C)	-	770
Transaction for Management fee income		
AVIC Dingheng Shipbuilding Co., Ltd	-	1,500
AVIC Zhenjiang Shipyard Marine Pte Ltd		226
Transaction for Service fee income		
AVIC Weihai Shipyard Co., Ltd	-	12,068

AVIC Dingheng Shipbuilding Co., Ltd	-	12,614
Transaction for Shipbuilding contract cost		
AVIC Weihai Shipyard Co., Ltd	-	162,332
Transaction for Shipbuilding contract income		
CATIC Beijing Co., Ltd	-	208,195
<u>1 Jul 2014 to 30 Sep 2014</u>		
Transaction for Interest expenses		
AVIC International Kairong Limited (Note C)		312
Transaction for Management fee income		
AVIC Dingheng Shipbuilding Co., Ltd		750
AVIC Zhenjiang Shipyard Marine Pte Ltd		137
AVIC Weihai Shipyard Co., Ltd		4,118
Transaction for Service fee income		
Taizhou CATIC Shipbuilding Heavy Industry Limited		2,250
AVIC Dingheng Shipbuilding Co., Ltd	-	2,190
AVIC Weihai Shipyard Co., Ltd		653
Transaction for Sub- contract cost		
AVIC Weihai Shipyard Co., Ltd	-	1,693
Transaction for Shipbuilding contract income		
CATIC Beijing Co., Ltd		2,244
Transaction for Steel selling Income		
AVIC Weihai Shipyard Co., Ltd		44,418
<u>1 Jan 2014 to 30 Sep 2014</u>		
Transaction for Interest expenses		
AVIC International Kairong Limited (Note C)	-	920
Transaction for Management fee income		
AVIC Dingheng Shipbuilding Co., Ltd	-	6,330
AVIC Zhenjiang Shipyard Marine Pte Ltd	-	499
AVIC Weihai Shipyard Co., Ltd		4,118
Transaction for Service fee income		
AVIC International Beijing Co., Ltd	930	
AVIC Dingheng Shipbuilding Co., Ltd	-	6,066
Taizhou CATIC Shipbuilding Heavy Industry Limited	-	2,901
AVIC Weihai Shipyard Co., Ltd	-	2,385
Transaction for Sub-contract cost		
AVIC Weihai Shipyard Co., Ltd		1,693
Transaction for Shipbuilding contract income		
CATIC Beijing Co., Ltd		2,244

Transaction for Steel selling income

AVIC Dingheng Shipbuilding Co., Ltd		44,418
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Transaction for Ship-designing fee income

AVIC International Kairong Limited	-	1,641
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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)1,2 & 3 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 30 September 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 30 September 2015 to be false or misleading in any material aspect.

On Behalf of the Board of Directors

Dr Diao Weicheng
Executive Chairman
13 November 2015