



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

(Company Registration No. 201024137N)

Shipbuilding segment drives AVIC's overall gross profit up 49% to RMB 41.5 million for 3Q2015

- Gross profit margin climbed 12% to 31% for 3Q2015 from an increase in higher margin shipbuilding revenue
- Despite the gloomy outlook in the industry, Group's net profit increased 30% in 3Q2015 and Group's design arm also displayed its innovation through several new ship designs

SINGAPORE, 13 November 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 a 49% growth in gross profit to RMB41.5 million for the quarter ended 30 September 2015 (“**3Q2015**”). The Group also registered 77% growth in net profit to RMB3.2 million for 3Q2015.

Financial Highlights

RMB'mil	3Q2015	3Q2014	Chg %	9M2015	9M2014	Chg %
Revenue	131.9	145.7	(9)	418.9	295.0	42
- Agency service fee	14.8	3.4	335	35.0	15.3	129
- Management service fee	0.6	5.5	(89)	3.2	15.0	(79)
- Shipbuilding revenue	60.1	41.6	44	208.2	27.0	671
- EPC Project Income	1.0	-	n.m.	6.9	-	n.m.
- Ship-design fee income	55.5	49.0	13	165.7	187.7	(12)
- Other income	-	46.3	n.m.	-	50.1	n.m.
Cost of sales	(90.5)	(118.0)	(23)	(289.3)	(187.0)	55
Gross profit	41.4	27.8	49	129.6	108.0	20
Marketing and distribution expenses	(7.5)	(6.0)	26	(25.3)	(22.4)	13
Administrative expenses	(26.7)	(27.5)	(1)	(90.4)	(82.1)	10
Other operating income	0.1	13.1	(94)	2.0	19.8	(90)
Other operating expense	3.3	-	n.m.	(1.4)	(2)	n.m.
Finance cost	(4.3)	(3.5)	22	(9.9)	(10.3)	(4)
Profit/(Loss) for the period	3.2	1.8	82	(2.0)	3.3	n.m.
Profit attributable to equity holders	3.6	3.0	21	(0.1)	1.1	n.m.

n.m.: not mentionable



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Business Updates

Despite the continued challenging environment in the global maritime industry caused by concerns of a slowing Chinese economy and slowing emerging markets, the Group secured 24 new designing contracts in 3Q2015 amounting to 4.31 million euros and agency service contracts worth approximately RMB 22.4 million.

In line with the Group's strategic growth plans, the Group has completed the proposed acquisition of 60% shareholding in AVIC Zhenjiang Shipyard Marine Pte. Ltd. ("**AZM**") through an agreement with Catoco Investments Pte. Ltd. AZM is in the business and trade of acquiring, owning, selling, brokering and chartering of various types of vessels, with a focus on vessel investment.

The Group is pleased to report that Deltamarin has continued to display its innovation through several new energy efficient concepts and superior designs. Deltamarin's cutting edge designs are at the forefront of the needs of modern ship owners who require more sophisticated and eco-friendly vessels. These designs include a joint development project to equip Dry Bulk Carriers of the Future with LNG propulsion, a revolutionary Multigas Carrier Design, an Artic Tanker Design, a Compact Ferry Design "DeltaLinx", and a Future Container Feeder Design "A.Delta".

3Q2015 Review

The Group registered a decline in revenue of 9% year-on-year (y-o-y) to RMB131.9 million for 3Q2015, attributed mainly to a decrease in other income as there was no ship-related steel trading income generated this year. Additionally, management service fees decreased by RMB4.9 million to RMB0.6 million as there were fewer management service contracts entered in 3Q2015. However, this was offset by increases in shipbuilding income and ship design income of RMB6.5 million or 13% and RMB11.4 million or 338% respectively.

The Group reported a 49% increase or RMB13.6 million in gross profit to RMB41.5 million for 3Q2015, with the gross profit margin at a healthy level of 31%.

Other operating income decreased from RMB13.1 million in 3Q2014 to RMB0.1 million in 3Q2015. Other operating income in 3Q2014 was boosted by a foreign exchange gain arising from the long-term loan denominated in EUR as a result of the movement of EUR/SGD, as compared to a lower foreign exchange gain recorded in 3Q2015.

Overall, net profit for the Group increased 77% to RMB3.2 million for 3Q2015, in line with the increase in gross profit.



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Outlook/Future Plans

Overall, the outlook for the global maritime industry is likely to remain challenging, hampered by reduced orders for new vessels amidst an oversupply of commercial vessels, and by concerns of slowing economic growth in China and emerging markets.

However, there are some positive prospects with higher demand for low-carbon environmental protection initiatives and increased shipment size to enhance competitiveness. Alongside this, China's emphasis on the "One Belt, One Road" framework is likely to effect infrastructural improvements between China and the economies of Central Asia, Southeast Asia and Europe, which could very well boost the transport and energy industries.

Mr. Diao Weicheng (刁伟程), AVIC Maritime's Executive Chairman commented on the outlook and future plans of the Group, "*I am pleased to highlight that despite challenging market conditions, our team was successful in securing 24 new designing contracts in 3Q2015 and also agency service contracts for dump barge. Deltamarin has successfully developed new and innovative ship designs to keep up with the industry requirements as more customers prefer newer, more sophisticated and environmental friendly vessels.*

Despite the sluggish industry environment that we are facing, we have produced a satisfactory set of results for 3Q2015 and we remain opportunistic in expanding our business both organically and through acquisitions.

We have further diversified our business into the vessel trading and investment business with the acquisition of AZM, and we continue our focus on expanding on the synergies of AVIC and Deltamarin to produce more innovative and better designs. Furthermore, we have already begun looking into commercially feasible LNG-fuelled dry bulk carriers, or "dry bulk carriers of the future", amidst the stricter environmental regulations as more ship owners start to consider the potential usage of LNG.

Although, the fruition of our expansion plans may take some time, we continue to be optimistic on what our business is capable of. Moreover, we are committed to the optimisation and expansion of the Group and will continue to strengthen our business structure as a whole."

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About AVIC

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.

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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