



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

(Company Registration No. 201024137N)

Announcement of results FY2015

SINGAPORE, 26 February 2016 – 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 30% growth in revenue to RMB591.4 million and a 22% growth in gross profit to RMB201.9 million for the twelve months ended 31 December 2015 (“**FY2015**”). Loss attributable to equity holders FY2015 amounted to RMB4.2million.

Financial Highlights

| RMB'mil | 4Q2015 | 4Q2014 | Chg % | FY2015 | FY2014 | Chg % |
|--|---------|---------|-------|---------|---------|-------|
| Revenue | 172.4 | 160.1 | 8 | 591.4 | 455.1 | 30 |
| - <i>Shipbuilding project management service</i> | 30.0 | 9.7 | 209 | 64.9 | 25.0 | 160 |
| - <i>Marketing and consulting service</i> | 1.1 | 2.9 | (62) | 4.3 | 17.9 | (76) |
| - <i>Shipbuilding construction service</i> | 77.0 | 103.3 | (25) | 285.2 | 90.9 | 214 |
| - <i>EPC service</i> | 0.1 | 38.7 | (99) | 7.0 | 78.2 | (91) |
| - <i>Ship-design service</i> | 64.3 | 55.1 | 17 | 230.0 | 242.8 | (5) |
| - <i>Other income</i> | - | (49.8) | n.m. | - | 0.3 | n.m. |
| Cost of sales | (100.2) | (102.2) | (2) | (389.5) | (289.2) | 35 |
| Gross profit | 72.2 | 57.9 | 25 | 201.9 | 165.9 | 22 |
| Marketing and distribution expenses | (16.75) | (6.9) | 140 | (42.0) | (29.4) | 43 |
| Administrative expenses | (47.9) | (38.4) | 25 | (138.4) | (120.5) | 15 |
| Other operating income | 14.1 | 5.3 | 168 | 16.1 | 25.1 | (36) |
| Finance cost | (7.3) | (5.7) | 28 | (17.2) | (16.0) | 8 |
| Profit/(Loss) for the period | (6.5) | 13.9 | n.m. | (8.5) | 17.2 | n.m. |
| Profit attributable to equity holders | (4.1) | 13.3 | n.m. | (4.2) | 14.4 | n.m. |

n.m.: not meaningful



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FY2015 Review and Business Updates

Global shipping, shipbuilding and related businesses took a hard hit in 2015 amidst the economic slowdown in many major economies. Weak shipping demand, an oversupply of vessels and depressed shipping rates led the Baltic Dry Index to decline to an all-time low. FY2015 was a challenging year for the Group. Nonetheless, we saw an increase of revenue by 30% year-on-year (y-o-y) in FY2015 to RMB591.4 million, comprising primarily ship building revenue, ship design fees and agency service fees. Gross profit also increased 22% y-o-y to RMB201.9 million with gross profit margin maintained at a healthy level of 34%. However, the increased operating costs and income tax provisions resulted in a loss attributable to equity shareholders of RMB4.2 million for FY2015.

In FY 2015, Deltamarin, the Group's ship design arm, secured new designing contracts amounting to EUR27 million. Deltamarin had achieved several key developments during this year as it embarked on a number of projects including 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", an Icebreaking Stand-by Vessel Design and a Future Container Feeder Design "A.Delta". Most recently, Deltamarin had announced that it had signed a contract to design the world's first LNG handysize bulk carriers. The two B.Delta26LNG vessels will be constructed for the Finnish shipowner ESL Shipping Ltd by the Chinese Qingshan Shipyard of Sinotrans & CSC SBICO.

As part of the Group's strategic growth plans, the Group completed the proposed acquisition of 60% shareholding in AVIC Zhenjiang Shipyard Marine Pte. Ltd. ("AZM") through an agreement with Catico Investments Pte. Ltd. during the year.

Overall, these are in line with the Group's strategic plan towards the development for more dynamic designs, and diversification into maritime businesses of synergies so as to optimise its overall capabilities.

Outlook/Future Plans

Looking ahead, the shipbuilding market is expected to remain challenging in the foreseeable future. There is a continuing trend for orders to be placed with shipyards of decent size and capabilities. The Group is a total maritime solution service provider with ship design, management services and ship building capabilities and it has strong support from the AVIC Group, its major shareholder. It will continue to seek to leverage on its expertise and extensive financial and business network and continue to build up its shipbuilding and ship design order books.

Mr. Diao Weicheng (刁伟程), AVIC Maritime's Executive Chairman commented on the outlook and future plans of the Group, "***On the background of a lower shipping demand and an overcapacity weighing on new orders, it has been a difficult time for the entire shipbuilding industry. The Group expensed substantial efforts in securing revenue in the challenging market. Our strategic move in the diversification of the businesses is important to the development of the Company. We are confident that Deltamarin will continue to be our performance driver as demand for high-tech environmental-***



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friendly vessels will constantly be increasing. Its achievements in its iconic designs and cutting-edge technology will be essential to the Group's shipbuilding business. We do expect to see continuing challenges to our business in the foreseeable future, but with our strong shipbuilding and ship design capabilities, and our extensive business network, AVIC will be resilient enough to weather the current market downturn. We will employ our expertise to continue building synergies across our business segments as well as rationalise cost structures, so as to deliver optimal returns to our shareholders."

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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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