



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

(Company Registration No. 201024137N)

Announcement of results for 1Q2016

SINGAPORE, 13 May 2016 – SGX Mainboard-listed, AVIC International Maritime Holdings Limited (“**AVIC Maritime**”, the “Company” 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 profit attributable to shareholders of the company of RMB5.1 million for its first quarter ended 31 March 2016 (“**1Q2016**”).

Financial Highlights

RMB'mil	1Q2016	1Q2015	Chg %
Revenue	73.1	140.1	-48
– Shipbuilding project management service	11.9	7.2	65
– Marketing and consulting service	0.1	1.0	-91
– Shipbuilding construction service	21.2	76.1	-72
– EPC service	-	5.9	n.m.
– Ship-design service	39.9	49.9	-20
– Other income	-	-	n.m.
Cost of sales	(40.6)	(103.6)	(61)
Gross profit	32.5	36.5	(11)
Other income	1.1	0.6	86
Other gains/(losses)	14.2	(3.7)	n/m
Distribution and Marketing expenses	(8.7)	(10.7)	(19)
Administrative expenses	(29.8)	(30.5)	(1)
Finance cost	(5.0)	(2.6)	87
Other expenses	(0.6)	(1.0)	(40)
Profit/(Loss) for the period	3.9	(12.4)	n.m.
Profit attributable to equity holders	5.1	(11.6)	n.m.

n.m.: not meaningful

Financial Review and Business Updates

Notwithstanding that there was a decrease of the Group’s revenue to RMB73.1million in 1Q 2016 representing a drop of revenue year on year (“y-o-y”) 1Q2015 of 48% due mainly to a lower of the shipbuilding construction revenue, gross profit for the Group remained relatively



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stable at RMB32.5million, representing a drop of 11% y-o-y to RMB32.5 million. Gross profit margin for 1Q2016 was 45% reflecting a substantial increase of 73% over the margin for 1Q2015 of 26%, as a result of the Group's effort in developing its higher margin businesses such as its shipbuilding project management service. Foreign exchange gain arising from the receivables contributed a gain of RMB 14.2 million in 1Q2016.

Consequently, the Group reported a profit attributable to equity holders of RMB5.1 million for 1Q2016 compared to a loss of RMB11.6 million for 1Q2015. Earnings per share for 1Q2016 were 1.80 RMB cents.

The ship-design arm of the Group, Deltamarin, continues to embark on revolutionary ship designs with its recent focus on two projects. One of the ship design project is a comprehensive engineering, procurement, construction and management ("EPCM") package for 4 vessels to be built at AVIC Weihai Shipyard with the option to further building another 4 vessels. This EPCM package will contribute revenue to the Group through services provided such as engineering, master planning, procurement of the project materials and material management, project information management and site supervision.

Additionally, Deltamarin's Pure Car Truck Carrier ("PCTC") design developed in close cooperation with the ship owner Höegh Autoliners was shortlisted for the *Ship of the Year* category of the European Marine Engineering Awards.

Outlook/Future Plans

Global shipping, shipbuilding and related businesses saw further decline in 1Q2016 as overcapacity persists, coupled by the economic slowdown in major economies. The imbalance in these fundamentals continues to produce volatility in freight rates and the Baltic Dry Index, which fell to its all-time low once again in early February 2016. Though the index has since made a significant recovery fuelled by a seasonal increase in the transport of grains, and increased demand for the transport of steel and iron ore, underlying adversities still remain.

During the quarter, the Group delivered a total of 3 vessels and Deltamarin secured new designing contracts amounting to EUR 4.3 million.

Dr. Diao Weicheng (刁伟程), AVIC Maritime's Executive Chairman commented on the outlook and future plans of the Group: ***"The shipbuilding market has remained challenging and there is no sign of a quick recovery in the short term. We maintained our strategy in cost rationalization and to direct more resources in developing higher margin businesses. We shall focus on enhancing our performance through exploring to design and build specialized vessels, such as asphalt carriers and Ro Ro vessels, where there is more promising demand."***



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With its expertise and track record in designing complex and clean energy vessels, Deltamarin will continue to contribute positively to the Group, especially in areas where there are synergies with our other business segments such as EPC and shipbuilding services.

The phenomenon of reduced ship building activities has driven low earnings in the industry. Subdued market conditions and low levels of customer activity are likely to persist in the second quarter of 2016 and possibly beyond. We are appreciative of the strong support from shareholders and shall strive with best effort to sustain performance during this time in the market downturn, and to enhance our fundamentals to support future growth.”

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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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