



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

(Company Registration No. 201024137N)

Interim results announcement FY2016

- Group reported revenue of RMB91.7 million for 2Q2016 primarily attributable to shipbuilding construction service and ship design service businesses
- Deltamarin, the ship design arm of the Group, secured an engineering contract for a Global Class mega passenger vessel, the largest order in its history
- Orders received in building high-value added, specialized vessels such as Ro-Pax ferries

SINGAPORE, 12 August 2016 – SGX Catalist-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, today reported its interim financial results for the year ending 31 December 2016 (“**2Q2016**”).

Financial Highlights

RMB'mil	2Q2016	2Q2015	Chg%	1H2016	1H2015	Chg %
Revenue	91.7	147.0	(38)	164.8	287.0	(43)
– Shipbuilding project management service	13.0	13.0	0.1	24.9	20.1	24
– Marketing and consulting service	0.7	1.7	(57)	0.8	2.7	(70)
– Shipbuilding construction service	33.1	72.0	(54)	54.3	148.1	(64)
– EPC service	0.02	0.06	(68)	0.02	5.9	(99.7)
– Ship-design service	41.7	60.2	(31)	81.6	110.2	(26)
– Other income	3.2	-	n.m.	3.2	-	n.m.
Cost of sales	(57.4)	(95.3)	(40)	(98.0)	(198.9)	(51)
Gross profit	34.3	51.7	(34)	66.8	88.2	(24)
Other income	1.3	0.6	115	2.4	1.2	101
Marketing and distribution expenses	(10.3)	(7.1)	46	(19.0)	(17.8)	7
Administrative expenses	(28.3)	(33.3)	(15)	(58.1)	(63.7)	(9)
Finance cost	(2.4)	(2.9)	(16)	(7.4)	(5.6)	33
Profit/(Loss) for the period	(14.1)	7.2	n.m.	(10.2)	(5.2)	95
Profit/(Loss) attributable to equity holders	(15.2)	7.9	n.m.	(10.1)	(3.7)	175

n.m.: not meaningful



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Financial Review

The Group's revenue decreased by 38% year-on-year ("yoy") in 2Q2016 to RMB91.7 million. Such revenue comprised primarily shipbuilding construction service, ship-design service and shipbuilding project management service which contributed 36%, 46% and 14% of the total revenue. Gross profit decreased by 34% yoy to RMB34.3 million. On a positive note, cost of sales decreased by RMB37.9 million (i.e. 40% to RMB57.4 million) in 2Q2016, giving rise to a slight improvement in gross profit margin from 35% in 2Q2015 to 37% in 2Q2016. With the Group's continual effort in cost rationalization, administrative expense decreased by RMB5 million (i.e.15%) in 2Q2016. Overall, it reported a net loss of RMB14.1 million for the quarter due to the sluggish market and the depreciation of Euro against SGD in 2Q2016.

Business Review and Future Plans

The shipping and shipbuilding industries are still going through bad times. Total new shipbuilding orders around the world decreased by 67% yoy to 17.7 million DWT in the first half of 2016¹, and global outstanding shipbuilding orders continued to decline in the first half of 2016 to 100 million CGT, the lowest level since June 2013². While the increase in commodities transportation in 2Q2016 propelled a short recovery in the charter rates and the Baltic Dry Index, the oversupply in the shipping industry persisted and demand still falls short of supply.

During the quarter, the Group delivered a total of 7 vessels. In 2Q2016, Deltamarin secured new design contracts of EUR 9.6 million. The Group commands a leading position in chemical tanker deliveries. As at 4 August 2016, AVIC Dingheng shipyard had outstanding order book for chemical tankers of 33.5 million DWT. It was rated by Clarkson Reach Services Limited as the No.1 in China and the No. 4 in the world for building chemical tankers as at 30 June 2016.

In April 2016, the Group secured the orders for the construction of four Ro-Pax ferries, with

¹http://www.eworldship.com/html/2016/ship_market_observation_0722/117790.html

²http://www.eworldship.com/html/2016/ShipbuildingAbroad_0722/117798.html



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the option for an additional four ferries, from Swedish shipowner Stena RoRo's subsidiary, Stena AB. The ferries will be constructed at AVIC Weihai Shipyard, and Deltamarin will deliver the engineering, procurement, construction ("EPC") service for the project. The ferries will have lane meters of 3,000m in a drive-through configuration capable of accommodating about 1,000 passengers and offering a full range of passenger services. The main engines will be 'gas ready' fuelled either by methanol or LNG.

In May 2016, AVIC Weihai shipyard successfully delivered a 225FT self-elevating and self-propelled offshore platform to an Egyptian ship owner and a 37,650DWT bulk carrier to a Turkish ship owner.

In June 2016, AVIC Dengheng shipyard delivered a 15,000 DWT dual-fuel propulsion chemical tanker to a Swedish ship owner, Terntank, and AVIC Weihai shipyard delivered a 63,600 DWT dry bulk carrier to a Sri Lankan customer.

In July 2016, Deltamarin and Elomatic Ltd jointly entered a large scale tri-party engineering contract with MV Werften in Germany for the design of the largest Global Class mega passenger vessel ever built in Germany. It will be over 340 meters long, 45 meters wide and have a gross register tonnage of 200,001, one of the world's largest cruise vessel for 5,400 passengers. The contract is the largest in Deltamarin's history, and will take 4 years' work involving 100 designers to complete.

Mr. Diao Weicheng (刁伟程), AVIC Maritime's Executive Chairman commented on the outlook and future plans of the Group,

"The overall market condition in the shipbuilding industry still affects greatly the financial performance of AVIC during the quarter. Nonetheless, we made several encouraging achievements, such as securing Deltamarin's sizable engineering order for the Global Class mega passenger vessel and the orders for the Ro-Pax ferries. These orders demonstrate our expertise and competitive edge in ship design and in building specialized, high-value added vessels, such as chemical tankers and asphalt carriers. We expect to see continuing challenging times ahead. Against this, the Group will put in more effort to rationalise its business where we see we have competitive advantages over our market peers. We are confident that we shall be able to best position ourselves when the market improves."



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About AVIC

Established in 1994 and listed now on SGX Catalist, 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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