



AVIC INTERNATIONAL MARITIME HOLDINGS LIMITED

(formerly known as AVIC International Investments Limited)

(Company Registration No. 201024137N)

AVIC International Maritime Results for 3QFY2016

- Group reported revenue of RMB149.5 million for 3Q2016 primarily supported by sales of vessels, shipbuilding project management services and ship design
- Deltamarin, the ship design arm of the Group, secured a large scale tri-party engineering contract with MV Werften in Germany for the design of a Global Class mega passenger vessel, and a € 3 million contract for the design of a 158-meter ro-pax vessel
- Group won two new orders for dual-fuel chemical tankers, order book supported by high-value added, specialized vessels with resilient demand

SINGAPORE, 11 November 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, today reported the financial results for the third quarter ended 30 September 2016 (“**3Q2016**”).

Financial Highlights

RMB'mil	3Q2016	3Q2015	Chg%	9M2016	9M2015	Chg %
Revenue	149.5	131.9	13	314.3	419.0	(25)
– Sales of vessels	79.0	-	n.m	79.0	-	n.m
– Shipbuilding project management service	19.5	14.8	32	44.4	35.0	(27)
– Marketing and consulting service	-	0.6	n.m.	0.8	3.2	(75)
– Shipbuilding construction service	0.7	60.1	(99)	55.1	208.2	(74)
– EPC service	0.5	1.0	(50)	0.6	6.9	(91)
– Ship-design service	47.9	55.5	(39)	129.5	165.7	(30)
– Finance lease income	2.0	-	n.m.	2.0	-	n.m.
– Other income	(0.2)	-	n.m.	3.0	-	n.m.
Cost of sales	(109.1)	(90.5)	21	(207.0)	(289.3)	(28)



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Gross profit	40.4	41.5	(3)	107.3	129.6	(17)
Other income	1.2	0.7	71	3.6	2.0	85
Distribution and marketing expenses	(13.9)	(7.5)	85	(32.9)	(25.3)	30
Administrative expenses	(24.4)	(26.7)	(9)	(82.4)	(90.5)	(9)
Finance cost	(5.9)	(4.3)	38	(13.3)	(9.9)	35
Profit/(Loss) for the period	(8.6)	3.2	n.m.	(18.8)	(2.0)	n.m.
Profit attributable to equity holders	(5.7)	3.6	n.m.	(15.8)	(0.07)	n.m.

n.m.: not meaningful

Financial Review

The Group's revenue, mainly generated from sales of vessels, shipbuilding construction service, ship-design service, shipbuilding project management service and finance lease businesses increased by 13% year-on-year ("yoy") in 3Q2016 to RMB149.5 million. Sales of vessels reported revenue of RMB79.0 million while there was no such income in the corresponding period of last year. Shipbuilding construction service revenue declined due to the completion of the Sri Lanka project and a drop in percentage completion recognized in 3Q2016 as compared to the previous corresponding period in 3Q2015. Ship-design service revenue also declined due to lesser completed work in progress booked in 3Q2016. Revenue from shipbuilding project management service increased by RMB4.7 million and finance lease income for two completed tug boats amounted to RMB2.0 million was recorded during the quarter. Cost of sales increased by 21% yoy for 3Q2016 to RMB109.1 million leading to a drop in gross profit by 3% yoy to RMB40.4 million.

The Group has continued its effort in cost rationalization, and administrative expense decreased by RMB2.4 million, or 9% in 3Q2016. Overall, it reported a net loss of RMB8.6 million for the quarter.

Business Review and Future Plans

The shipbuilding market remains challenging, as the sluggish shipping demand continues. The oversupply of vessels results in substantial decrease in new orders and heightens pressure on pricing. In the third quarter of 2016, there were a total of 88 new shipbuilding orders globally, 81% lower compared to the 481 orders for the same quarter last year¹.

¹ http://www.eworldship.com/html/2016/ship_market_observation_1009/120570.html



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Clarksons projected that global shipyard output will fall in 2017 as the order backlog declines, and non-delivery is anticipated to remain.²

Despite the challenging market conditions, the Group delivered a total of 7 vessels in 3Q2016. Deltamarin secured new design contracts of EUR 44.8 million.

In July 2016, Deltamarin and Elomatic Ltd jointly entered into a large scale tri-party engineering contract with MV Werften in Germany for the design of a Global Class mega passenger vessel. Further, in September, Deltamarin secured a €3 million contract from Rauma Marine Construction (RMC) to perform a significant scope of engineering for a new 158-meter ro-pax vessel to be built for the Danish Mols-Linien A/S, to carry passengers and cargo between the Danish islands of Bornholm and Sjælland, and the work will take an estimated period of 12 months. These contract orders well demonstrate Deltamarin's expertise and knowhow in passenger vessel design globally.

In October 2016, AVIC Dingheng, a leading shipyard and a business partner to the Group and an AVIC Group company, was awarded additional orders for two units of dual-fuel, 16,300 DWT chemical tankers. The AVIC Group commands a leading position in the world in the field of dual-fuel LNG/chemical vessels, with 4 vessels already delivered and 8 under production. According to Clarksons' Research, market conditions for chemical tankers have remained relatively positive in 2016, and the increased trade volumes, including on long-haul routes, has helped to support vessel demand³. The Group expects that there will be ample co-operation opportunities with AVIC Dingheng on these new orders which will contribute positively to its business revenues.

Mr. Diao Weicheng (刁伟程), AVIC Maritime's Executive Chairman commented ***“Although the overall market condition had affected the Group's financial performance during the quarter, we have made continued progress in securing new orders from new customers for vessel design and for building specialized, high-value added vessels, such as chemical tankers, asphalt carriers and Ro Ro vessels. We shall continue to strive to explore new markets for new customers and develop new products and design where our strength lies best. With the expertise and strong network and foothold of Deltamarine in ship design businesses in Europe and with the strong support from the AVIC Group, we believe that we shall be able to secure a best position ourselves when the market improves and recovers.”***

² Clarksons Research – Shipping Review & Outlook, Autumn 2016, page 30

³ Clarksons Research – Shipping Review & Outlook, Autumn 2016, page 26



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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 2015. 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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