



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

(Company Registration No. 201024137N)

UNAUDITED FINANCIAL STATEMENTS AND ANNOUNCEMENT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016
PART 1- INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF YEAR AND FULL YEAR ANNOUNCEMENTS

1 (a) An income statement and statement of comprehensive income, or a statement of comprehensive income for the group, together with a comparative statement for the corresponding period of the immediate preceding financial year.

1(a)(i) Consolidated Statement of Comprehensive Income for the Fourth Quarter and Full Year ended 31 December 2016

	Fourth Quarter			Full Year		
	Group 1 Oct 16 to 31 Dec 16	Group 1 Oct 15 to 31 Dec 15	Change	Group 1 Jan 16 to 31 Dec 16	Group 1 Jan 15 to 31 Dec 15	Change
	(RMB'000)	(RMB'000)	%	(RMB'000)	(RMB'000)	%
Revenue	111,989	172,423	(35)	426,272	591,382	(28)
Cost of sales	(23,825)	(100,199)	(76)	(230,858)	(389,521)	(41)
Gross profit	88,164	72,224	22	195,414	201,861	(3)
Other income	3,436	14,128	(76)	7,073	16,095	(56)
Other losses - net	(17,436)	(2,743)	536	(11,428)	(6,593)	73
Expenses						
- Distribution and marketing	(15,938)	(16,694)	(5)	(48,854)	(41,981)	16
- Administrative	(45,292)	(47,891)	(5)	(127,741)	(138,366)	(8)
- Finance	(9,993)	(7,288)	37	(23,325)	(17,159)	36
- Other	(2,177)	(8,944)	(76)	(4,972)	(6,489)	(23)
Share of profit of associated companies	613	650	(6)	679	1,524	(55)
Profit/(loss) before income tax	1,377	3,442	(60)	(13,154)	8,892	N/M
Income tax expense	(9,658)	(9,934)	(3)	(13,898)	(17,382)	(20)
Loss after tax	(8,281)	(6,492)	28	(27,052)	(8,490)	219
Other comprehensive loss:						
Items that may be reclassified subsequently to profit or loss:						
Share of other comprehensive income of associated companies	-	-	N/M	52	3	N/M
Currency translation differences arising from consolidation	3,931	(11,919)	N/M	(7,569)	(10,597)	(29)
Total comprehensive loss	(4,350)	(18,411)	(76)	(34,569)	(19,084)	81
Loss attributable to:						
Equity holders of the Company	(12,768)	(4,140)	208	(28,575)	(4,211)	579
Non-controlling interests	4,487	(2,352)	N/M	1,523	(4,279)	N/M
	(8,281)	(6,492)	28	(27,052)	(8,490)	219

	Fourth Quarter			Full Year		
	Group	Group	Change	Group	Group	Change
	1 Oct 16 to 31 Dec 16	1 Oct 15 to 31 Dec 15		1 Jan 16 to 31 Dec 16	1 Jan 15 to 31 Dec 15	
(RMB'000)	(RMB'000)	%	(RMB'000)	(RMB'000)	%	
Total comprehensive loss attributable to:						
Equity holders of the Company	(8,157)	(16,865)	(52)	(38,453)	(13,456)	186
Non-controlling interests	3,807	(1,546)	N/M	3,884	(5,628)	N/M
	(4,350)	(18,411)	(76)	(34,569)	(19,084)	81

1(a)(ii) Notes to the Consolidated Statement of Comprehensive Income for the Fourth Quarter and Full Year ended 31 December 2016

	Fourth Quarter			Full Year		
	Group	Group	Change	Group	Group	Change
	1 Oct 16 to 31 Dec 16	1 Oct 15 to 31 Dec 15		1 Jan 16 to 31 Dec 16	1 Jan 15 to 30 Dec 15	
(RMB'000)	(RMB'000)	%	(RMB'000)	(RMB'000)	%	
Allowance/(writeback) of doubtful debts						
- Trade	206	(115)	N/M	206	(115)	N/M
- Non-trade	(1,120)	(1,284)	(13)	(3,424)	(1,797)	90
Amortisation of intangible assets	(1,316)	(3,127)	(58)	(5,206)	(7,773)	(33)
Available-for-sale financial assets written off	-	-	N/M	-	(34)	N/M
Bad trade debts written off	(862)	(4,570)	(81)	(1,176)	(4,570)	(74)
Depreciation of property, plant and equipment	(890)	(904)	(2)	(3,472)	(3,286)	6
Government grants	2,531	11,697	(78)	2,919	11,763	(75)
Interest expense on borrowings	(7,096)	(3,655)	94	(20,905)	(12,507)	67
Interest income	756	2,046	(63)	2,782	3,905	(29)
Loss on disposal of property, plant and equipment	-	-	N/M	(105)	-	N/M
Loss on disposal of subsidiary	-	(3,676)	N/M	-	(3,676)	N/M
Net foreign exchange losses	(17,436)	(2,743)	(536)	(11,323)	(2,917)	288
Property, plant and equipment written off	(6)	(5)	20	(188)	(5)	N/M
Rental expenses on operating leases	(4,721)	(4,518)	4	(17,463)	(17,583)	(1)

N/M – Not meaningful
when differences +/- greater than 1000%

1(b) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediate preceding financial year

1(b)(i) Unaudited Statements of Financial Position as at 31 December 2016

	Group		Company	
	31 Dec 2016 (RMB'000)	31 Dec 2015 (RMB'000)	31 Dec 2016 (RMB'000)	31 Dec 2015 (RMB'000)
ASSETS				
Current assets				
Cash and cash at bank	495,184	316,963	24,479	900
Cash pledged with bank	91,553	39,401	-	-
Trade receivables	114,794	236,898	-	-
Other receivables	748,138	48,536	104,806	7,565
Finance lease receivables	13,832	-	-	-
Inventories	278,962	319,141	-	-
	1,742,463	960,939	129,285	8,465
Non-current assets				
Trade receivables	11,167	26,837	-	-
Other receivables	-	-	11,198	-
Finance lease receivables	50,551	-	-	-
Investment in associated companies	2,504	1,773	-	-
Investment in subsidiaries	-	-	575,124	388,394
Property, plant and equipment	7,006	8,648	136	-
Intangible assets – Brand, technical knowhow and ship-design engineering software licences	75,021	76,707	-	-
Intangible assets – Goodwill	106,796	103,497	-	-
Available-for-sale financial assets	11	11	-	-
Deferred tax assets	1,545	919	-	-
	254,601	218,392	586,458	388,394
Total assets	1,997,064	1,179,331	715,743	396,859
LIABILITIES				
Current liabilities				
Trade payables	67,541	3,859	28,027	-
Advances received	253,333	37,169	66,957	-
Other payables and accruals	242,957	110,350	23,940	3,029
Due to subsidiaries (non-trade)	-	-	283,934	154,476
Borrowings	703,520	174,514	215,996	-
Finance lease liabilities	1,042	935	-	-
Current income tax liabilities	19,241	12,787	-	-
	1,287,634	339,614	618,854	157,505

	Group		Company	
	31 Dec 2016 (RMB'000)	31 Dec 2015 (RMB'000)	31 Dec 2016 (RMB'000)	31 Dec 2015 (RMB'000)
Non-current liabilities				
Borrowings	492,240	583,471	-	206,483
Finance lease liabilities	755	831	-	-
Deferred tax liabilities	16,928	18,535	-	-
Other payables	-	35	-	-
Due to subsidiaries (non-trade)	-	-	8,767	-
	509,923	602,872	8,767	206,483
Total liabilities	1,797,557	942,486	627,621	363,988
NET ASSETS	199,507	236,845	88,122	32,871
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	101,237	101,237	101,237	101,237
Capital reserve	11,944	11,944	10,429	10,429
Merger reserve	(3,664)	(3,664)	-	-
Statutory reserve	16,712	14,735	-	-
Currency translation reserve	(8,209)	1,669	(3,277)	(4,654)
Retained profits/(accumulated losses)	18,020	48,572	(20,267)	(74,141)
	136,040	174,493	88,122	32,871
Non-controlling interests	63,467	62,352	-	-
Total equity	199,507	236,845	88,122	32,871

1(b)(ii) Aggregate amount of group's borrowings.

(A) Amount repayable in one year or less, or on demand

As at 31 Dec 2016	
Secured (RMB'000)	Unsecured (RMB'000)
1,042	703,520

As at 31 Dec 2015	
Secured (RMB'000)	Unsecured (RMB'000)
935	174,514

(B) Amount repayable after one year

As at 31 Dec 2016	
Secured (RMB'000)	Unsecured (RMB'000)
755	492,240

As at 31 Dec 2015	
Secured (RMB'000)	Unsecured (RMB'000)
831	583,471

(C) Details of any collaterals

Bank borrowings of the Group and the Company are guaranteed by the Company's immediate holding corporation and its related corporations.

USD19,411,000 (equivalent to approximately RMB134,807,000) of the loans from non-controlling interests and related corporation are unsecured, interest free and are repayable on demand. These loans are denominated in United States Dollars ("USD") and their carrying amounts approximate their fair value.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Cash Flow Statements for the Fourth Quarter and Full Year ended 31 December 2016

	Fourth Quarter		Full Year	
	Group	Group	Group	Group
	1 Oct 16 to 31 Dec 16 (RMB'000)	1 Oct 15 to 31 Dec 15 (RMB'000)	1 Jan 16 to 31 Dec 16 (RMB'000)	1 Jan 15 to 31 Dec 15 (RMB'000)
Cash flow from operating activities				
Profit/(loss) before income tax	1,377	3,442	(13,154)	8,892
Adjustments for:				
Amortisation of intangible assets	1,316	3,127	5,206	7,773
Allowance/(writeback) of doubtful debts				
-Trade	(206)	115	(206)	115
- Non-trade	1,120	1,284	3,424	1,797
Available-for-sale financial assets written off	-	-	-	34
Bad trade debts written off	862	4,570	1,176	4,570
Depreciation of property, plant and equipment	890	904	3,472	3,286
Impairment loss of an associated company	-	-	-	159
Interest expenses	7,096	3,655	20,905	12,507
Interest income	(756)	(2,046)	(2,782)	(3,905)
Loss on disposal of subsidiary	-	3,676	-	3,676
Loss on disposal of property, plant and equipment	-	-	105	-
Property, plant and equipment written off	6	5	188	5
Share of profit of associated companies	(613)	(650)	(679)	(1,524)
Unrealised currency translation losses	10,142	2,989	3,325	2,720
	<u>21,234</u>	<u>21,071</u>	<u>20,980</u>	<u>40,105</u>
Change in working capital, net of effects from acquisition and disposal of subsidiaries:				
Inventories	3,064	(85,994)	28,828	(103,963)
Trade and other receivables	(163,317)	13,398	(581,975)	31,503
Trade and other payables	78,252	(51,407)	372,032	(59,918)
Cash used in operations	<u>(60,767)</u>	<u>(102,932)</u>	<u>(160,135)</u>	<u>(92,273)</u>
Interest received	382	2,046	1,887	3,905
Income tax paid	<u>(4,955)</u>	<u>(3,374)</u>	<u>(11,069)</u>	<u>(8,928)</u>
Net cash used in operating activities	<u>(65,340)</u>	<u>(104,260)</u>	<u>(169,317)</u>	<u>(97,296)</u>

	Fourth Quarter		Full Year	
	Group 1 Oct 16 to 31 Dec 16 (RMB'000)	Group 1 Oct 15 to 31 Dec 15 (RMB'000)	Group 1 Jan 16 to 31 Dec 16 (RMB'000)	Group 1 Jan 15 to 31 Dec 15 (RMB'000)
Cash flow from investing activities				
Acquisition of a subsidiary, net of cash acquired	-	-	-	(21,303)
Additions to property, plant and equipment (Note A)	(627)	(995)	(1,350)	(2,848)
Additions to intangible assets	(73)	(163)	(1,064)	(3,013)
Disposal of a subsidiary, net of cash disposed of	-	1,115	-	1,115
Proceeds on disposal of property, plant and equipment	-	-	696	-
Net cash used in investing activities	(700)	(43)	(1,718)	(26,049)
Cash flow from financing activities				
Dividends paid to non-controlling interests	-	(2,203)	-	(2,203)
Interest paid	(6,956)	(4,666)	(18,815)	(9,097)
(Increase)/decrease in cash pledged with bank	(8,369)	98,570	(52,152)	53,074
Loan from non-controlling interests	-	-	54,874	19,315
Loan from related corporations	-	-	21,926	-
Proceeds from borrowings	253,325	90,266	586,850	369,849
Proceeds on issuance of subsidiary's shares to non-controlling interests	-	-	-	857
Proceeds from finance leases	304	-	304	-
Repayment of borrowings	(94,710)	-	(251,168)	(9,108)
Repayment of finance lease liabilities	(343)	(324)	(1,270)	(1,192)
Repayment of related corporation's loan	(2,698)	-	(5,864)	(186,221)
Net cash provided by financing activities	140,553	181,643	334,685	235,274
Net increase in cash and cash equivalents	74,513	77,340	163,650	111,929
Cash and cash equivalents				
Beginning of financial year	415,785	247,080	316,963	208,763
Effect of currency translation on cash and cash equivalents	4,886	(7,457)	14,571	(3,729)
Cash and cash equivalents at end of the financial period	495,184	316,963	495,184	316,963

Note A: Purchase of plant and equipment

During 4Q2016, the Group acquired property, plant and equipment with an aggregate cost of RMB1,075,000 (4Q2015: RMB1,312,000) of which RMB448,000 (4Q2015: RMB317,000) was acquired by means of finance leases. Cash payments amounting to RMB627,000 (4Q2015: RMB995,000) were made to purchase property, plant and equipment.

During the financial year ended 31 December 2016, the Group acquired property, plant and equipment with an aggregate cost of RMB2,595,000 (FY2015: RMB4,124,000) of which RMB1,246,000 (FY2015: RMB1,276,000) was acquired by means of finance leases. Cash payments amounting to RMB1,350,000 (FY2015: RMB2,848,000) were made to purchase property, plant and equipment.

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statement of Changes in Equity

	Share capital (RMB'000)	Capital reserve (RMB'000)	Merger reserve (RMB'000)	Statutory reserve (RMB'000)	Currency translation reserve (RMB'000)	Retained profits (RMB'000)	Equity attributable to owners of the Company (RMB'000)	Non-controlling interests (RMB'000)	Total equity (RMB'000)
<u>The Group</u>									
Balance at 1 Jan 2016	101,237	11,944	(3,664)	14,735	1,669	48,572	174,493	62,352	236,845
Loss for the period	-	-	-	-	-	(15,807)	(15,807)	(2,964)	(18,771)
Other comprehensive (loss)/income	-	-	-	-	(14,489)	-	(14,489)	3,041	(11,448)
Total comprehensive (loss)/income for the period	-	-	-	-	(14,489)	(15,807)	(30,296)	77	(30,219)
Balance at 30 Sep 2016	101,237	11,944	(3,664)	14,735	(12,820)	32,765	144,197	62,429	206,626
Loss/(profit) for the period	-	-	-	-	-	(12,768)	(12,768)	4,487	(8,281)
Other comprehensive income/(loss)	-	-	-	-	4,611	-	4,611	(680)	3,931
Transfer to statutory reserve	-	-	-	1,977	-	(1,977)	-	-	-
Total comprehensive income/(loss) for the period	-	-	-	1,977	4,611	(14,745)	(8,157)	3,807	(4,350)
Distributions to non-controlling interests on liquidation of subsidiaries	-	-	-	-	-	-	-	(2,769)	(2,769)
Total transactions with owners, recognised directly in equity	-	-	-	-	-	-	-	(2,769)	(2,769)
Balance at 31 Dec 2016	101,237	11,944	(3,664)	16,712	(8,209)	18,020	136,040	63,467	199,507

	Share capital (RMB'000)	Capital reserve (RMB'000)	Merger reserve (RMB'000)	Statutory reserve (RMB'000)	Currency translation reserve (RMB'000)	Retained profits (RMB'000)	Equity attributable to owners of the Company (RMB'000)	Non- controlling interests (RMB'000)	Total equity (RMB'000)
The Group									
Balance at 1 Jan 2015	101,237	12,470	-	11,988	10,914	55,530	192,139	50,185	242,324
Loss for the period	-	-	-	-	-	(71)	(71)	(1,927)	(1,998)
Other comprehensive income/(loss)	-	-	-	-	3,480	-	3,480	(2,155)	1,325
Total comprehensive income/(loss) for the period	-	-	-	-	3,480	(71)	3,409	(4,082)	(673)
Issue of subsidiary's shares to non-controlling interests	-	-	-	-	-	-	-	857	857
Acquisition of a subsidiary under common control	-	-	(3,664)	-	-	-	(3,664)	12,839	9,175
Total transactions with owners, recognised directly in equity	-	-	(3,664)	-	-	-	(3,664)	13,696	10,032
Balance at 30 Sep 2015	101,237	12,470	(3,664)	11,988	14,394	55,459	191,884	59,799	251,683
Loss for the period	-	-	-	-	-	(4,140)	(4,140)	(2,352)	(6,492)
Other comprehensive (loss)/income	-	-	-	-	(12,725)	-	(12,725)	806	(11,919)
Transfer to statutory reserve	-	-	-	2,747	-	(2,747)	-	-	-
Total comprehensive income/(loss) for the period	-	-	-	2,747	(12,725)	(6,887)	(16,865)	(1,546)	(18,411)
Dividends to non-controlling interests	-	-	-	-	-	-	-	(1,526)	(1,526)
Reversal of deemed contribution on shareholder's loan	-	(526)	-	-	-	-	(526)	-	(526)
Transaction to non-controlling interests	-	-	-	-	-	-	-	(250)	(250)
Disposal of a subsidiary	-	-	-	-	-	-	-	5,875	5,875
Total transactions with owners, recognised directly in equity	-	(526)	-	-	-	-	(526)	4,099	3,573
Balance at 31 Dec 2015	101,237	11,944	(3,664)	14,735	1,669	48,572	174,493	62,352	236,845

Statement of Changes in Equity

	<u>Share capital</u> (RMB'000)	<u>Capital reserve</u> (RMB'000)	<u>Currency translation reserve</u> (RMB'000)	<u>Accumulated losses</u> (RMB'000)	<u>Total equity</u> (RMB'000)
<u>The Company</u>					
Balance at 1 Jan 2016	101,237	10,429	(4,654)	(74,141)	32,871
Profit for the period	-	-	-	42,286	42,286
Other comprehensive income	-	-	2,922	-	2,922
Total comprehensive income for the period	-	-	2,922	42,286	45,208
Balance at 30 Sep 2016	101,237	10,429	(1,732)	(31,855)	78,079
Profit for the period	-	-	-	11,588	11,588
Other comprehensive loss	-	-	(1,545)	-	(1,545)
Total comprehensive (loss)/income for the period	-	-	(1,545)	11,588	10,043
Balance at 31 Dec 2016	101,237	10,429	(3,277)	(20,267)	88,122
Balance at 1 Jan 2015	101,237	10,603	(4,146)	(69,955)	37,739
Loss for the period	-	-	-	(4,496)	(4,496)
Other comprehensive loss	-	-	(1,489)	-	(1,489)
Total comprehensive loss for the period	-	-	(1,489)	(4,496)	(5,985)
Balance at 30 Sep 2015	101,237	10,603	(5,635)	(74,451)	31,754
Profit for the period	-	-	-	310	310
Other comprehensive income	-	-	981	-	981
Reversal of deemed contribution on shareholder's loan	-	(174)	-	-	(174)
Total comprehensive (loss)/income for the period	-	(174)	981	310	1,117
Balance at 31 Dec 2015	101,237	10,429	(4,654)	(74,141)	32,871

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on.

State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There were no changes to the issued share capital of the Company since 31 December 2015. As at 31 December 2016, the issued share capital of the Company was RMB101,237,000 comprising 285,576,000 ordinary shares.

There were no outstanding convertibles as well as shares held as treasury shares of the Company as at 31 December 2016 (31 December 2015: Nil).

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

As at 31 December 2015 and 31 December 2016, the share capital of the Company comprised 285,576,000 ordinary shares.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

The Company did not hold any treasury shares as at 31 December 2016 (31 December 2015: Nil). There was no sale, transfer, disposal, cancellation and/or use of treasury shares as at 31 December 2016.

2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures presented in this announcement have not been audited or reviewed by the Company's auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

There were no changes in accounting policies and methods of computation adopted in the financial statements for the current reporting period as compared to the most recent audited financial statements for the financial year ended 31 December 2015.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

There were no changes noted. See 4 above.

6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Fourth Quarter		Full Year	
	1 Oct 2016 to 31 Dec 2016	1 Oct 2015 to 31 Dec 2015	1 Jan 2016 to 31 Dec 2016	1 Jan 2015 to 31 Dec 2015
Earnings per ordinary share attributable to owners of the Company				
(a) Based on the weighted average number of ordinary shares in issue (RMB cents)	(4.47)	(1.45)	(10.01)	(1.47)
Weighted average number of ordinary shares	285,576,000	285,576,000	285,576,000	285,576,000
(b) On a fully diluted basis (RMB cents)	(4.47)	(1.45)	(10.01)	(1.47)
Weighted average number of ordinary shares	285,576,000	285,576,000	285,576,000	285,576,000

Basic earnings per ordinary share are calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share is the same as the basic earnings per share for the financial years ended 31 December 2016 and 2015 as the Company has no potential dilutive ordinary shares.

7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year.

	Group		Company	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
Net asset value per share based on issued share capital (RMB cents)	47.64	61.10	30.86	11.51
Number of ordinary shares issued at the end of period / year	285,576,000	285,576,000	285,576,000	285,576,000

- 8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:
- any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
 - any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

<u>The Group</u>	<u>Fourth Quarter</u>				<u>Full Year</u>			
	<u>1 Oct 16 to 31 Dec 16</u>		<u>1 Oct 15 to 31 Dec 15</u>		<u>1 Jan 16 to 31 Dec 16</u>		<u>1 Jan 15 to 31 Dec 15</u>	
	(RMB'000)	%	(RMB'000)	%	(RMB'000)	%	(RMB'000)	%
Revenue by type of services:								
Sale of vessels	766	0.7	-	-	79,729	18.7	-	-
Shipbuilding project management service	42,817	38.2	29,957	17.4	89,123	20.9	64,921	11.0
Shipbuilding construction service	132	0.1	77,006	44.6	55,211	13.0	285,201	48.2
Ship-design service	59,340	53.0	64,296	37.3	184,774	43.3	229,954	38.9
Finance lease income	2,070	1.9	-	-	4,030	1.0	-	-
Other income	6,864	6.1	1,164	0.7	13,405	3.1	11,306	1.9
Total revenue	111,989	100.0	172,423	100.0	426,272	100.0	591,382	100.0

Consolidated Statement of Comprehensive Income

Revenue

In 4Q2016, the Group's revenue was generated mainly from its shipbuilding project management service and ship-design service. The Group revenue decreased by RMB60.4 million or 35% to RMB112.0 million in 4Q2016 compared with 4Q2015. The decrease was mainly due to: (1) shipbuilding construction service revenue declining by RMB76.9 million to RMB0.1 million due to completion of the Sri Lanka project, and (2) Ship-design service revenue declining by RMB5.0 million to RMB59.3 million due to variations in the milestones achieved in respect of ship-design work in progress. Partially offsetting the decrease in revenue were: (1) shipbuilding project management service revenue increasing by RMB12.9 million as more projects were recognised in the current period, (2) Other income increasing by RMB5.7 million arising from project consultancy contracts, and (3) recognition of finance lease income of RMB2.1 million, arising from the sale of two completed tug boats under a finance lease agreement.

The revenue in FY2016 decreased 28% compared to FY2015, mainly attributed to decrease in shipbuilding revenue and ship design service income partially offset by increased revenue from shipbuilding project management service and revenue from sales of vessels.

Cost of sales and gross profit

Cost of sales decreased RMB76.4 million or 76% to RMB23.8 million in 4Q2016, attributed mainly to the completion of a shipbuilding contract. Gross profit increased 22% in 4Q2016, due mainly to increased contribution from the shipbuilding project management service and finance lease income.

For FY2016, gross profit decreased 3% and this was mainly due to high percentage of completion of a shipbuilding contract in FY2015 as compared to FY2016. Gross profit margin increased from 34% to 46%, this was mainly attributed to an increase in the shipbuilding project management service revenue and finance lease income.

Other income

Other income consisted mainly of interest income and government grants. Other income decreased by RMB10.7 million to RMB3.4 million in 4Q2016, mainly due to a RMB9.2 million decrease in government grants and a RMB1.3 million decrease in interest income.

Other losses - net

Other losses in 4Q2016 amounted to RMB17.4 million which was attributed mainly to foreign exchange losses arising from receivables denominated in SGD which had weakened against the USD, compared to a loss of RMB2.7 million in the corresponding period of last year.

For FY2016, other losses increased by RMB4.8 million to RMB11.4 million, due to the foreign exchange losses arising from receivables denominated in SGD which weakened against the USD in the year.

Distribution and marketing expenses

Distribution and marketing expenses consisted mainly of sales and marketing department's office rental, employee benefits expenses and travelling expenses.

Marketing and distribution expenses remain relatively stable in 4Q2016.

For FY2016, the increase in marketing and distribution expense of RMB6.9 million was mainly due to the reclassification of certain staff expenses from administrative expenses, as well as hiring of additional technical staffs for the Stena project and expansion of marketing service department.

Operating lease expenses remained stable at RMB1.2 million in 4Q2016.

Administrative expenses

Administrative expenses comprised office rental and office expenses, depreciation expenses, amortisation expenses, professional fees incurred to maintain the Group's listing status, employee benefits and travelling expenses.

Administrative expenses decreased RMB2.6 million or 5% to RMB45.3 million in 4Q2016. The decrease was mainly due to a decline in consultancy and office expenses.

Operating lease expenses remained stable at RMB3.5 million in 4Q2016.

The depreciation charge for plant and equipment amounted to RMB0.9 million in 4Q2016. Amortisation of intangible assets amounted to RMB1.3 million in 4Q2016, mainly arising from the amortisation of software, technical knowhow and brand name from Deltamarin Group.

Finance expenses

Finance expenses increased RMB2.7 million or 37% to RMB10.0 million in 4Q2016, mainly due to bank term loans which carry higher interest rate. In FY2016, finance costs increased 36% to RMB23.3 million due to increased borrowing.

Share of profit of associated companies

The share of profit from associated companies in 4Q2016 amounted to RMB0.6 million compared to a profit of RMB0.7 million in 4Q2015. In FY2016, the Group recorded a share of profit from associated companies of RMB0.7 million compared to RMB1.5 million in FY2015.

Income tax expense

The operating subsidiaries in China and Finland are subject to income tax rates of 25% and 20% respectively. Income tax expense decreased RMB0.3 million to RMB9.7 million in 4Q2016. In FY2016, tax expense of RMB13.9 million included RMB6.6 million of tax on gains arising from the restructuring of subsidiaries under common control within the group.

Profit/(loss) for the period

After taking into account income tax expense and non-controlling interests, net loss attributable to shareholders for 4Q2016 was RMB12.8 million, as compared to net loss of RMB4.1 million in 4Q2015.

Statement of Financial Position

Current assets

As at 31 December 2016, the Group's cash and cash at bank balances amounted to RMB495.2 million, representing an increase of RMB178.2 million from RMB317.0 million as at 31 December 2015, as more borrowings were secured to finance working capital requirements. Pledged bank deposits increased RMB52.2 million to RMB91.6 million to fund business activities arising from more shipbuilding project management contracts secured.

Trade receivables decreased RMB122.1 million to RMB114.8 million as at 31 December 2016, comprising mainly: (1) RMB25.3 million due from customers on construction contracts, (2) RMB57.6 million arising from ship-design and project consultancy services, and (3) RMB31.8 million arising from shipbuilding project management services.

Other receivables, amounting to RMB748.1 million as at 31 December 2016, comprised mainly prepayments, other tax recoverables and non-trade receivables due from related corporation. Other receivables increased RMB699.6 million, mainly due to (1) an increased amount of RMB602.0 million receivables from related party shipyards and RMB63.4 million receivables from third party shipyards, being amounts extended to the shipyards to finance the construction of vessels pending receipt of the final payments from the ship-owners, and (2) prepayment of RMB34.7 million for the purchase of shipbuilding material.

Inventories as at 31 December 2016 amounted to RMB279.0 million, compared to RMB319.1 million as at 31 December 2015. The decrease was mainly due to the cancellation of 2 vessels under construction at a shipyard and two completed tug boats delivered to a buyer under a finance lease agreement.

Finance lease receivables as at 31 December 2016 amounted to RMB13.8 million and this arose from the sale of two tug boats under a finance lease agreement.

Non-current assets

Property, plant and equipment comprised motor vehicles, computers and software, furniture and fixtures, and office equipment.

Investment in associated companies represented the total amount of investment in non-controlling entities held by the Deltamarin Group.

Available-for-sale financial assets represented investment shares held by the Deltamarin Group.

Intangible assets comprised software licenses, brand name and technical knowhow. Intangible assets amounted to RMB75.0 million as at 31 December 2016, a decrease of RMB1.7 million. The decrease was due to amortisation of RMB5.2 million, partially offset by the addition of intangible assets amounting to RMB1.0 million and a translation gain RMB2.5 million arising from the appreciation of the Euro against RMB.

The Group's goodwill had arisen from the acquisition of the Deltamarin Group and the amount was recognised based on the purchase price allocation exercise. The goodwill amounted to RMB106.8 million as at 31 December 2016, RMB3.3 million higher than the RMB103.5 million as at 31 December 2015. The increase was due to a translation gain arising from the appreciation of Euro against the RMB.

Deferred tax assets represented the timing differences between accounting and tax bases, and are mainly derived from the operating subsidiaries in China.

Non-current portion of finance lease receivables as at 31 December 2016 amounted to RMB50.6 million which arose from the sale of two tug boats under a finance lease agreement.

Current liabilities

Short-term loan and current portion of long-term loan represented that portion of the loans raised which were repayable within 12 months as at 31 December 2016. Short term loans totalled RMB529.0 million as more bank loans were obtained to finance working capital requirements.

Trade payables amounted to RMB67.5 million as at 31 December 2016 compared to RMB3.9 million as at 31 December 2015. The increase was mainly attributed to (1) RMB55.5 million from ship-design business, and (2) RMB10.5 million from procurement of shipbuilding equipment.

Advances received represented amounts received on behalf of shipyards for the purpose of acquiring tools and equipment, which amounted to RMB253.3 million as compared to RMB37.2 million as at 31 December 2015.

Other payables and accruals consisted of VAT taxes payable, sales tax and surcharges payable, accrued operating and office expenses, and amount due to related parties. Other payables and accruals increased by RMB132.6 million, attributed mainly to (1) RMB62.0 million received on behalf of shipyard under shipbuilding management project, and (2) accrual of ship building cost amounting to RMB67.9 million.

Income tax payable increased by RMB6.4 million from RMB12.8 million to RMB19.2 million as at 31 December 2016 mainly due to a provision of RMB6.6 million tax on gains arising from the restructuring of subsidiaries under common control within the group and partially offset by payment of business tax during the year.

Non-current liabilities

Long-term portion of loan represented that portion of the loans raised that were repayable after 12 months as at 31 December 2016. Long-term borrowings decreased by RMB91.2 million to RMB492.2 million as at 31 December 2016.

Deferred tax liabilities represented the tax liabilities for the timing differences arising from the recognition of the intangible assets, deferred ship-design fee income and fair valuation of the Deltamarin Group's assets.

Capital reserve

The amount of capital reserve as at 31 December 2016 comprised a deemed contribution from the former immediate holding company as a result of initial recognition of shareholder's loan at fair value during the financial year ended 31 December 2012. There is no movement in capital reserve during the financial year ended 31 December 2016.

Consolidated cash flow statements

Net cash outflow from operating activities in 4Q2016 was RMB65.3 million compared to net cash outflow of RMB104.3 million in the corresponding quarter last year.

Net cash used in investing activities was RMB0.7 million in this quarter. In 4Q2016, net cash inflow from financing activities amounted to RMB140.6 million, compared to net cash inflow of RMB181.6 million in 4Q2015 and this was mainly due to increase in new loans raised, partially offset by repayment of borrowings.

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast was given in our previous results announcements.

10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The shipping and shipbuilding industries went through another challenging year in 2016. According to the China Association of The National Shipbuilding Industry, global new shipbuilding orders decreased by 67% in 2016 compared to 2015, and as of end of 2016, global outstanding order book decreased by 25% compared to a year earlier¹.

Macroeconomic factors will continue to pose uncertainties to the shipbuilding industry. The increase in the demand for commodities shipping, higher scrapping rate and lower new vessel deliveries are

¹http://www.eworldship.com/html/2017/ship_market_observation_0214/124761.html

expected to provide certain support to a recovery in the business climate. However, global infrastructure-related investment and threats of trade protectionism, will also have a significant impact on the market conditions for the shipbuilding industry in 2017.

In July 2016, Deltamarin won the largest contract in its history. It entered into a large scale tri-party engineering contract in Germany for the design of the largest Global Class mega passenger vessel ever built in Germany.

The Group worked in close collaboration with AVIC Dingheng Shipyard and AVIC Weihai Shipyard, two shipyards in the AVIC Group, to secure shipbuilding contracts. Leveraging on their respective strength and competencies, and with the financial support of the AVIC Group, the Group together with the shipyards are well positioned in securing shipbuilding contracts amidst the gloomy market environment. As of the date of this announcement, with an outstanding orderbook of 19 vessels, AVIC Dingheng is ranked No.2 globally in the category of small-size (30,000 DWT and below) chemical tankers. AVIC Weihai Shipyard's orderbook included four Gas-Ready Ro-Pax ferries with the option for four additional units. The Group's financial performance will benefit from the completion and delivery of the orderbook.

The Group will continue to implement the strategy in cost rationalisation and direct more resources in developing higher margin businesses, such as shipbuilding project management service and ship design. It will focus on enhancing the performance of ship design and shipbuilding of specialized vessels, such as Ro-Pax vessels and chemical tankers, where demand is more resilient and promising. With its expertise and track record in designing complex and clean energy vessels, Deltamarin is also expected to continue to contribute positively to the Group, capitalizing on the synergies between Deltamarin and other members of the Group (including the area of production and engineering design).

11 Dividend

(a) Whether an interim (final) ordinary dividend has been declared (recommended)

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

None.

(c) The date the Dividend is payable

Not applicable.

(d) Books closure date

Not applicable.

12 If no dividend has been declared (recommended), a statement to that effect.

No interim dividend has been declared or recommended for the quarter ended 31 December 2016.

13 Summary of Interested Person Transactions

	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
	(RMB'000)	(RMB'000)
	Note (A) and (B)	Note (A)
<u>1 Oct 2016 to 31 Dec 2016</u>		
Transaction for Service fee income		
AVIC Weihai Shipyard Co., Ltd	-	12,844
AVIC Dingheng Shipbuilding Co., Ltd	-	6,576
Transaction for Financial service income		
AVIC Weihai Shipyard Co., Ltd	-	1,303
AVIC Dingheng Shipbuilding Co., Ltd	-	17,881
Transaction for Sales of good		
AVIC Dingheng Shipbuilding Co., Ltd	-	1,606
Transaction for Shipbuilding contract cost		
AVIC Weihai Shipyard Co., Ltd	-	352
Transaction for Shipbuilding contract income		
CATIC Beijing Co., Ltd	-	879
Transaction for Rental expense		
AVIC International Kairong Limited	-	89
Transaction for Ship-designing fee income		
AVIC Weihai Shipyard Co., Ltd	-	25,792
AVIC Dingheng Shipbuilding Co., Ltd	-	437
Transaction for Property management fees		
AVIC Property Management Co., Ltd	-	120
Transaction for Project consultancy income		
AVIC Weihai Shipyard Co., Ltd	-	8,548
Transaction for Corporate guarantee fees		
AVIC International Holding Ltd	-	2,244
AVIC International Holding Corporation	-	564
Balance for Provision of financial assistance		
AVIC Dingheng Shipbuilding Co., Ltd	-	99,931
AVIC Weihai Shipyard Co., Ltd	-	102,000
<u>1 Jan 2016 to 31 Dec 2016</u>		
Transaction for Management fee income		
AVIC Dingheng Shipbuilding Co., Ltd	-	100

Transaction for Service fee income		
AVIC Weihai Shipyard Co., Ltd	-	35,568
AVIC Dingheng Shipbuilding Co., Ltd	-	23,377
Transaction for Financial service income		
AVIC Dingheng Shipbuilding Co., Ltd	-	19,768
AVIC Weihai Shipyard Co., Ltd	-	1,303
Transaction for Sales of good		
AVIC Dingheng Shipbuilding Co., Ltd	-	2,139
Transaction for Shipbuilding contract cost		
AVIC Weihai Shipyard Co., Ltd	-	37,185
Transaction for Shipbuilding contract income		
CATIC Beijing Co., Ltd	-	55,211
Transaction for Rental expense		
AVIC International Kairong Limited	-	544
Transaction for Ship-designing fee income		
AVIC Weihai Shipyard Co., Ltd	-	38,690
AVIC Dingheng Shipbuilding Co., Ltd	-	437
Transaction for Property management fees		
AVIC Property Management Co., Ltd	-	1,042
Transaction for Project consultancy income		
AVIC Weihai Shipyard Co., Ltd	-	8,548
Transaction for Corporate guarantee fees		
AVIC International Holding Ltd	-	2,244
AVIC International Holding Corporation	-	564
Balance for Provision of financial assistance		
AVIC Dingheng Shipbuilding Co., Ltd	-	346,757
AVIC Weihai Shipyard Co., Ltd	-	154,000
<u>1 Oct 2015 to 31 Dec 2015</u>		
Transaction for Management fee income		
AVIC Dingheng Shipbuilding Co., Ltd	-	350
Transaction for Service fee income		
AVIC Weihai Shipyard Co., Ltd	-	4,525
AVIC Dingheng Shipbuilding Co., Ltd	-	17,152
Transaction for Shipbuilding contract cost		
AVIC Weihai Shipyard Co., Ltd	-	57,769
Transaction for Shipbuilding contract income		
CATIC Beijing Co., Ltd	-	77,006

Transaction for Ship-designing fee income		
AVIC Weihai Shipyard Co., Ltd	-	4,159
Transaction for Property management fees		
AVIC Property Management Co., Ltd.	-	894
Transaction for Corporate guarantee fees		
AVIC International Holding Limited	-	200
Transaction for Rental expense		
AVIC International Kairong Limited	-	505
<u>1 Jan 2015 to 31 Dec 2015</u>		
Transaction for Interest expenses		
AVIC International Kairong Limited	-	770
Transaction for Management fee income		
AVIC Dingheng Shipbuilding Co., Ltd	-	1,850
AVIC Zhengjiang Shipyard Marine Pte Ltd	-	226
Transaction for Service fee income		
AVIC Weihai Shipyard Co., Ltd	-	16,593
AVIC Dingheng Shipbuilding Co., Ltd	-	29,766
Transaction for Shipbuilding contract cost		
AVIC Weihai Shipyard Co., Ltd	-	220,101
Transaction for Shipbuilding contract income		
CATIC Beijing Co., Ltd	-	285,201
Transaction for Ship-designing fee income		
AVIC Weihai Shipyard Co., Ltd	-	4,159
Transaction for Property management fee		
AVIC Property Management Co., Ltd	-	894
Transaction for Corporate guarantee fee		
AVIC International Holding Limited	-	200
Transaction for Rental expense		
AVIC International Kairong Limited	-	505

Note:

(A) The amounts of the transactions are before sales taxes and surcharges.

(B) The details of the interested person transactions under the shareholder's mandate are disclosed on pages 97 and 98 of the Information Memorandum which can be found via the Company website.

14 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Information regarding the Group's reportable segments is presented as below:

	Ship-design service RMB'000	Shipbuilding construction service RMB'000	Shipbuilding project management service RMB'000	Vessels trading and leasing RMB'000	Others RMB'000	Total RMB'000
2016						
Sales						
Third parties	145,647	-	9,107	83,759	2,618	241,131
Related corporations	44,080	55,211	80,016	-	10,787	190,094
	<u>189,727</u>	<u>55,211</u>	<u>89,123</u>	<u>83,759</u>	<u>13,405</u>	<u>431,225</u>
Inter-segment sales	(4,953)	-	-	-	-	(4,953)
	<u>184,774</u>	<u>55,211</u>	<u>89,123</u>	<u>83,759</u>	<u>13,405</u>	<u>426,272</u>
Results						
Segment results	2,344	3,888	25,259	(1,519)	2,545	32,517
Other income						2,194
Marketing, distribution and administrative						(30,544)
Finance cost						(17,321)
Loss before income tax						<u>(13,154)</u>
Income tax expenses						<u>(13,898)</u>
Loss for the year						<u>(27,052)</u>
Assets						
Segment assets	335,767	35,573	1,133,045	389,375	99,244	1,993,004
Unallocated assets						4,060
Total assets						<u>1,997,064</u>
Liabilities						
Segment liabilities	86,000	42,103	288,242	76,950	72,333	565,628
Unallocated liabilities						1,231,929
Total liabilities						<u>1,797,557</u>
Other information						
Depreciation	2,682	103	559	69	59	3,472
Amortisation	5,206	-	-	-	-	5,206
Share of profit of associated companies	679	-	-	-	-	679
Additions to property, plant and equipment	1,743	161	673	-	18	2,595
Bad trade debts						
- Written off	314	-	2,194	-	-	2,508
- Collected	(1,332)	-	-	-	-	(1,332)

Information regarding the Group's reportable segments is presented as below (continued):

	Ship-design service RMB'000	Shipbuilding construction service RMB'000	Shipbuilding project management service RMB'000	Vessels trading and leasing RMB'000	Others RMB'000	Total RMB'000
2015						
Sales						
Third parties	225,795	-	18,562	-	9,230	253,587
Related corporations	9,781	285,201	46,359	-	2,076	343,417
	<u>235,576</u>	<u>285,201</u>	<u>64,921</u>	<u>-</u>	<u>11,306</u>	<u>597,004</u>
Inter-segment sales	(5,622)	-	-	-	-	(5,622)
	<u>229,954</u>	<u>285,201</u>	<u>64,921</u>	<u>-</u>	<u>11,306</u>	<u>591,382</u>
Results						
Segment results	20,751	13,955	29,657	-	(27,233)	37,130
Other income						1,048
Marketing, distribution and administrative						(14,034)
Finance cost						(15,252)
Profit before income tax						<u>8,892</u>
Income tax expenses						(17,382)
Loss for the year						<u>(8,490)</u>
Assets						
Segment assets	131,517	564,587	416,995	-	63,529	1,176,628
Unallocated assets						<u>2,703</u>
Total assets						<u>1,179,331</u>
Liabilities						
Segment liabilities	43,871	64,150	43,573	-	1,585	153,179
Unallocated liabilities						<u>789,307</u>
Total liabilities						<u>942,486</u>
Other information						
Depreciation	2,435	292	525	-	34	3,286
Amortisation	5,006	-	-	-	2,767	7,773
Share of profit of associated companies	1,524	-	-	-	-	1,524
Additions to property, plant and equipment	2,964	-	1,160	-	-	4,124
Bad trade debts written off	4,570	-	-	-	-	4,570

Geographical information

The Group generates revenue from customers located in geographical areas as follows:

	FY2016 (RMB'000)	FY2015 (RMB'000)
PRC	224,273	414,615
Finland	49,462	77,915
Germany	20,191	-
United States	24,620	51,400
Oman	83,759	27,240
Other countries	23,967	20,212
	<u>426,272</u>	<u>591,382</u>

Largest customers by each segment are detailed below:

	Ship-design service (RMB'000)	Shipbuilding construction service (RMB'000)	Shipbuilding project management service (RMB'000)	Vessels trading and leasing (RMB'000)	Others (RMB'000)
2016					
Customer 1	38,691	-	36,872	-	8,548
Customer 2	437	-	42,777	-	2,240
Customer 3	-	-	-	83,759	-
Customer 4	-	55,211	-	-	-
Customer 5	25,618	-	-	-	-
Customer 6	19,162	-	-	-	-
Customer 7	15,994	-	-	-	-
	<u>99,902</u>	<u>55,211</u>	<u>79,649</u>	<u>83,759</u>	<u>10,788</u>
2015					
Customer 1	-	-	29,766	-	1,850
Customer 2	-	-	16,593	-	-
Customer 3	-	285,201	-	-	-
Customer 4	50,038	-	-	-	-
Customer 5	15,908	-	-	-	-
Customer 6	15,363	-	-	-	-
Customer 7	15,159	-	-	-	-
	<u>96,468</u>	<u>285,201</u>	<u>46,359</u>	<u>-</u>	<u>1,850</u>

15 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

See Paragraph 8 above.

16 A breakdown of sales as follows

	FY2016 (RMB'000)	FY2015 (RMB'000)	Change %
a) Sales report for the first half	164,781	287,016	(43)
b) Operating profit/(loss) after tax before deducting minority interest reported for first half	(10,200)	(5,234)	95
c) Sales report for second half	261,491	304,366	(14)
d) Operating profit/(loss) after tax before deducting minority interest reported for second half	(16,852)	(3,256)	418

17 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follow

	FY2016	FY2015
Ordinary	-	-
Preference	-	-
Total	-	-

18 Update on utilisation of Placement Proceeds

Based on the Placement Price of SGD0.285 and the 53,576,000 Placement Shares subscribed for, the net proceeds raised from the Placement are approximately SGD10.6 million (after deducting listing expenses approximately SGD4.7 million). The net proceeds were originally stated to be used for the purposes as set out on page 19 of the Offer Information Statement in the following proportion:

- (i) Approximately SGD8.0 million to partly finance acquisition; and
- (ii) The balance of approximately SGD2.6 million for our working capital purposes and any future acquisitions, joint ventures and strategic alliances.

As at 31 December 2016, the Group had revised the use of proceeds amounting to approximately SGD10.6 million for general working capital purpose, and any future acquisitions, joint ventures and strategic alliances, as set out in the Company's announcement dated 21 November 2014 on Change Of Use Of Compliance Placement Proceeds.

19 Confirmation that the issuer has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7H) under Rule 720(1)

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7H) pursuant to Rule 720(1) of the Catalist Rules.

20 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer.

Pursuant to Rule 704(10) of the Catalist Rules, the Board of Director of the Company would like to confirm that none of the persons occupying managerial positions in the Company or its principal subsidiaries are relatives of a Director or Chief Executive Officer or Substantial Shareholder of Company, for the financial year ended 31 December 2016.

On behalf of the Board of Directors

Dr Diao Weicheng
Executive Chairman
28 February 2017

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Continuing Sponsor, Stamford Corporate Services Pte. Ltd. ("Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the statements or opinions made or reports contained in this announcement.

*The contact person for the Sponsor is Mr Ng Joo Khin:
Telephone number: (65) 6389 3000
Email address: jookhin.ng@morganlewis.com*