



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

(Company Registration No. 201024137N)

**AVIC International Maritime**  
**Results for FY2016**

- Gross profit remained stable, although revenue was impacted by shipbuilding construction business
- Deltamarin continued to build up its order book in 2016 and won the largest order in its history

**SINGAPORE, 28 February 2017** –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 financial year ended 31 December 2016 (“**FY2016**”).

**Financial Highlights**

RMB million	4Q2016	4Q2015	Chg%	FY2016	FY2015	Chg %
<b>Revenue</b>	112.0	172.4	(35)	426.3	591.4	(28)
– Sales of vessels	0.8	-	n.m.	79.7	-	n.m.
– Shipbuilding project management service	42.8	30.0	43	89.1	64.9	37
– Shipbuilding construction service	0.1	77.0	(100)	55.2	285.2	(81)
– Ship-design service	59.3	64.3	(8)	184.8	230.0	(20)
– Finance lease income	2.1	-	n.m.	4.0	-	n.m.
– Other income	6.9	1.2	n.m.	13.4	11.3	n.m.
<b>Cost of sales</b>	(23.8)	(100.2)	(76)	(230.9)	(389.5)	(41)
<b>Gross profit</b>	88.2	72.2	22	195.4	201.9	(3)
<b>Other income</b>	3.4	14.1	(76)	7.1	16.1	(56)
<b>Distribution and marketing expenses</b>	(15.9)	(16.7)	(5)	(48.9)	(42.0)	16
<b>Administrative expenses</b>	(45.3)	(47.9)	(5)	(127.7)	(138.4)	(8)
<b>Finance cost</b>	(10.0)	(7.3)	37	(23.3)	(17.2)	36
<b>Profit/(Loss) for the period</b>	(8.3)	(6.5)	28	(27.1)	(8.5)	219
<b>Loss attributable to equity holders</b>	(12.8)	(4.1)	208	(28.6)	(4.2)	579

n.m. – not meaningful



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## **Financial Review**

The Group's revenue in FY2016 decreased by 28% compared to FY2015 to RMB 426.3 million. The decrease was mainly due to the decline in shipbuilding revenue and ship design service income. The decrease was partially offset by the increase in income from sales of vessels, and financial lease. The decline in shipbuilding construction service revenue was due to the completion of the Sri Lanka project, and the lower ship design service revenue was due to variations in the milestones recognised during the work progress. Shipbuilding project management service revenue increased as more projects were recognised in the reporting period.

Cost of sales decreased by 28% year-on-year (yoy) in FY2016 to RMB230.9 million. Gross profit decreased by 3% yoy to RMB195.4 million. Gross profit margin improved from 34% for FY2015 to 46% for FY2016.

The Group continued to implement the cost rationalisation measures, and administrative expense decreased by RMB10.7 million, or 8% yoy in FY2016. Exchange losses of RMB11.3 million associated with foreign exchange fluctuations affected the bottomline. Overall, the Group reported a net loss of RMB27.1 million for FY2016.

## **Business Review and Future Plans**

2016 was another challenging year for the shipping and shipbuilding industries. According to the China Association of The National Shipbuilding Industry, global new shipbuilding orders decreased by 67% in 2016 compared to 2015. As of end of 2016, global outstanding order book decreased by 25% compared to a year earlier<sup>1</sup>.

Although there are certain encouraging factors indicating a slight sign of a potential recovery of the market, namely, the increase in the demand for commodities shipping, and the rebalancing between vessel supply and demand, brought by higher scrapping rate and lower new vessel deliveries, uncertainties will likely remain, due to the possible unsustainability of the recovery in commodities demand, and the likelihood of trade protectionism by some countries.

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<sup>1</sup>[http://www.eworldship.com/html/2017/ship\\_market\\_observation\\_0214/124761.html](http://www.eworldship.com/html/2017/ship_market_observation_0214/124761.html)



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The Group has been striving to build its order book. Key shipbuilding orders during the year included four Gas-Ready Ro-Pax ferries with the option for four additional units. Engineering design work of these ferries will be undertaken by Deltamarin. Aspects of advantages in financial performance and market positioning brought about by the synergy effects of these various subsidiaries and among various associate members of the AVIC Group have taken shape. It is expected that more will be achievable over time.

In 2016, vessels delivered to customers included a 225FT self-elevating and self-propelled offshore platform to an Egyptian ship owner, a 37,650DWT bulk carrier to a Turkish ship owner, a 15,000 DWT dual-fuel propulsion chemical tanker to a Swedish ship owner, and a 63,600 DWT dry bulk carrier to a Sri Lankan customer.

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

The Group has been working closely in association with AVIC Dingheng Shipyard and AVIC Weihai Shipyard, two shipyards within the AVIC Group. The Group's strong international marketing capability, coupled with the respective strength and competencies of the shipyards and the financial support of the AVIC Group, has positioned itself well in securing shipbuilding contracts amidst the gloomy market environment. As of the date of the announcement, AVIC Dingheng has secured an order book for 19 vessels which will be under construction at Dingheng. Dingheng is ranked No.2 globally in the category of small-size (30,000 DWT and below) chemical tankers. AVIC Weihai Shipyard's order book as of the same date included four Gas-Ready Ro-Pax ferries with further option for four additional units. It is expected that the Group will benefit itself from the completion and delivery of these orders

Dr. Diao Weicheng (刁伟程), AVIC Maritime's Executive Chairman commented on the performance and the outlook for the Group,



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*“The shipbuilding market is going through a prolonged challenging period, notwithstanding this, our Group has continued its stance to focus its strength in specialised and high-value added products, such as chemical tankers and Ro-Pax vessels. This strategy has not only added resilience to the Group’s financial performance, but has also established and enhanced the Group’s status in the global arena. Deltamarin, with its expertise in the design of specialised and clean energy vessels and with the synergies it has with the other members of the AVIC Group (including the area of production & engineering design), contributes significantly to the performance of the Group. We are confident that, with the persistent effort from all at AVIC, we will pull through challenging times and place ourselves in a favourable position. ”*

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### **About AVIC**

*Established in 1994, listed on SGX Mainboard since September 2011 and transferred to the SGX Catalist board in May 2016, 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 since 2009. 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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