



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

(Company Registration No. 201024137N)

**AVIC International Maritime reports
net profit of RMB36.0 million for 9M2018**

- Ship-design fee, the mainstream contributor to revenue, increased by 41% in 9M2018 year-on-year (“YOY”) to RMB273.9 million
- Total revenue saw a slight dip by 8% YOY to RMB427.0 million, mainly due to reduced revenue from shipbuilding construction service and vessel sales
- Gross profit margin improved from 39.7% to 60.0% and gross profit increased by 34% YOY to RMB 247.6 million

SINGAPORE, 13 Nov 2018 – 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, announced its financial results for the quarter and the nine months ended 30 September 2018 (“**3Q2018**” and “**9M2018**” respectively) today.

Financial Highlights

RMB million	3Q2018	3Q2017	Change %	9M2018	9M2017	Change %
Revenue	134.8	208.2	(35)	427.0	466.2	(8)
Shipbuilding project service						
- Project management	10.7	11.0	(3)	33.1	43.5	(24)
- Project financing	32.7	13.5	144	90.7	46.3	96
Shipbuilding construction service	0.04	42.3	(99.9)	24.4	99.6	(76)
Ship-design service	90.2	63.3	42	273.9	194.2	41
Cost of sales	(54.4)	(155.2)	(65)	(179.4)	(281.2)	(36)
Gross profit	80.4	53.0	52	247.6	185.0	34
Distribution and marketing expenses	(12.3)	(9.3)	32	(27.6)	(28.0)	(2)
Administrative expenses	(35.9)	(30.0)	20	(108.6)	(100.4)	8
Finance cost	(26.3)	(12.4)	112	(66.7)	(34.1)	96
Profit/(Loss) for the period	8.4	2.5	236	36.0	35.7	1
Profit attributable to equity holders	5.2	1.3	284	26.3	33.0	(20)



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Financial Review

The Group's revenue, mainly generated from its ship-design service, and shipbuilding project management and project financing services, decreased by 8% YOY to RMB427.0 million in 9M2018. The decrease in revenue was mainly due to: (1) reduction in revenue of shipbuilding construction service by 76% to RMB24.4 million as the Fiji project had been completed within 3Q2018, and (2) revenue from the sale of vessel declining by RMB76.3 million as there was no vessel sale in 9M2018. On the other hand, revenue from (1) ship-design service increased by RMB79.7 million to RMB273.9 million, and (2) shipbuilding project financing income increased by RMB44.4 million to RMB90.7 million arising from the provision of financing services to related party shipyards for the construction of vessels.

Cost of sales decreased by 36% YOY to RMB 179.4 million in 9M2018. This is mainly due to the significant decrease in service income from shipbuilding construction projects and absence of vessel sale in 9M2018.

Gross profit, attributed mainly to the increase in ship-design service and shipbuilding project financing service, increased by 34% YOY to RMB247.6 million in 9M2018. Gross profit margin improved from 39.7% to 60.0% in 9M2018.

The Group reported a 1% increase YOY in net profit to RMB36.0 million in 9M2018 and a 20% decrease YOY in profit attributable to shareholders of the Group.

As of 30 September 2018, the Group had net asset value per share of RMB63.66 cents, compared to RMB57.76 cents as at 31 December 2017.

Business Review and Future Plans

As of September 2018, the global shipbuilding industry has secured 623 newbuild vessel orders for the year, amounting to US\$40 billion in contract value, 7% lower compared to a year ago, and has raised the global shipping industry's orderbook to fleet ratio to 10%, a relatively benign level compared to historical years¹.

The Group continues its strong working relationship with AVIC Dingheng Shipbuilding Co., Ltd and AVIC Weihai Shipyard Co., Ltd, both being related shipyards in the AVIC Group. The Group works closely with these shipyards in shipbuilding design and the provision of maritime management and

¹ <https://crucialperspective.com/usd40-billion-newbuild-vessel-orders/>



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consultancy services, including shipbuilding project financing and management services. In 3Q2018, AVIC Dingheng successfully delivered its 8th Dual-Fuel ship, which fully meets the latest environmental protection regulations of the IMO NOx Tier III requirements, and also held naming ceremony for two of its 7999-ton chemical tankers built for Swedish shipowners, SIRIUS Shipping. In the same quarter, AVIC Weihai also successfully piloted the 880-passenger RORO (“Roll-on/Roll-off”) vessel built for Jiaodong Shipping Co., Ltd, marking the significant progress made by AVIC Weihai in the construction of RORO vessels. The co-operation with these two shipyards has again provided an excellent platform for the Group to build and strengthen its business and operating track record and financial performance.

Deltamarin has a strong order book and continues to maintain a leading position in the design of high-tech and green vessels. In October, Deltamarin has entered into a contract with MV Werften in Germany to provide basic and detail design as well as site assistance services for a Global Class mega cruise ship. The value of the contract is approximately Euro 16.5 million and Deltamarin will provide MV Werften with the services over an estimated period of three years. Together with the several major vessel design orders in its order book, Deltamarin will see high capacity utilization through to 2020.

In October 2018, the Company announced that its controlling shareholder, AVIC International Holdings Limited (“AIHL”), a company listed on Hong Kong Stock Exchange, stock code: 00161, which directly holds 73.78% of the shareholding interest in the capital of the Company, had informed the Company that it was in preliminary discussion with potential investors in relation to a possible disposal of AIHL’s ship business (“Potential Transaction”), which if consummated may include the disposal of AIHL’s entire shareholding interest in the Company to such potential investors. The discussions are on-going and no definitive agreements have been agreed upon between the parties. There is no certainty or assurance that (i) any definitive agreement will be entered into or (ii) the Potential Transaction will be proceeded with. The Board will make the appropriate announcements when there is further material development regarding the Potential Transaction accordingly in compliance with the relevant provisions of the Rules of Catalist of the Singapore Exchange Securities Trading Limited.

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

“Notwithstanding the uncertainties under the current global economic and trade climate surrounding the shipping and shipbuilding industries, we see opportunities remain in the niche market for environmentally-friendly , high-tech and high value-added featured vessels .



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The Group remains confident that it will be able to stay at the forefront of the industry by continuing its efforts in delivering high-technology and environmental-friendly vessels to its customers.

In the meantime, we will continue our best efforts to developing new markets and new customers and optimising our operation and cost structures to achieve greater efficiency and to improve performance. We will also fully utilize our R&D capabilities to keep up with the rise in demand for environmentally friendly vessels to fulfil the increasingly stringent environmental protection regulations.”

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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, with its members of the Group, known as the “Group”) is an integrated marine and offshore solution provider under the AVIC Group. The Group offers a wide spectrum of management and consultancy services (the “M&C Services”), ranging from shipbuilding construction service, shipbuilding project management and shipbuilding project financing services; ship design; and project engineering services 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>

Contact Information

Financial PR Pte Ltd.
Romil Singh / Reyna Mei
Tel: 65-6438 2990 / Fax: 65-6438 0064
Email: staff@financialpr.com.sg

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