



AVIC INTERNATIONAL MARITIME HOLDINGS LIMITED

(formerly known as AVIC International Investments Limited)

(Company Registration No. 201024137N)

AVIC International Maritime reports earnings of RMB20.5 million for 2Q2017

- Revenue increased by 88% year-on-year to RMB171.9 million in 2Q2017, supported by shipbuilding project service, shipbuilding construction and ship-design service segments and by 57% year-on-year to RMB 258.0 million for half year to 30 June 2017
- Group reported earnings of RMB33.2 million for the first half of 2017 compared to a loss of RMB10.0 million for the first half of 2016
- Group continued building up its track record in building specialized vessels. AVIC Dingheng ranked No.1 in the world in terms of small chemical tanker order book and market share
- Deltamarin won a design, engineering and construction support services contract for a ro-pax vessel with aggregate value exceeding EUR11 million. Ship-design capacity will be highly utilized for 2017 and 2018
- **Company** ranked 83rd in Singapore Governance and Transparency Index 2017 by CGIO and NUS Business School

SINGAPORE, 14 August 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 quarter ended 30 June 2017 (“**2Q2017**”).



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Financial Highlights

RMB million	2Q2017	2Q2016	Change %	1H2017	1H2016	Change %
Revenue	171.9	91.7	88	258.0	164.8	57
Shipbuilding project service						
- Project management	15.1	13.0	16	32.5	24.9	31
- Project financing	23.3	-	NM	32.8		NM
Shipbuilding construction service	57.3	33.1	73	57.3	54.3	5
Ship-design service	73.9	41.7	77	130.9	81.6	60
Cost of sales	91.1	57.4	59	126.0	98.0	29
Gross profit	80.8	34.3	135	132.0	66.8	98
Distribution and marketing expenses	11.5	10.3	11	18.7	19.0	(2)
Administrative expenses	41.5	28.3	47	70.4	58.1	21
Finance cost	12.1	2.4	398	21.7	7.4	194
Profit/(Loss) for the period	20.5	(14.1)	NM	33.2	(10.2)	NM
Profit attributable to equity holders	19.8	(15.2)	NM	31.6	(10.1)	NM

Financial Review

In 2Q2017, the Group's revenue, mainly generated from its ship-design service, shipbuilding construction service and shipbuilding project service, increased by 88% compared with 2Q2016 to RMB171.9 million. The increase was primarily due to (1) Shipbuilding construction service increased by 73% to RMB57.3 million due to the new Fiji project of four vessels; (2) Ship-design service revenue increased by 77% to RMB73.9 million due to variations in the percentage completion of ship-design work in progress. Income from Shipbuilding project management services increased. Shipbuilding project financing income of RMB23.3 million also contributed to the increase in revenue.

Cost of sales increased by 59% to RMB91.1 million in 2Q2017, mainly due to the addition of Fiji shipbuilding project. Gross profit increased by 135% in 2Q2017 compared with 2Q2016 to RMB80.8 million, supported by higher contribution from the shipbuilding project management and project financing services, ship-design service and finance lease income. Gross profit margin increased from 37% to 47%, supported by the increase in revenue from higher-margin segments, such as shipbuilding project management and financing services.

The Group reported earnings of RMB20.5 million for 2Q2017 and earnings of RMB33.2 million for 1H2017, compared to some losses in the respective periods in 2016. Group reported earnings per share of RMB11.07 cents for 1H2017.

As of 30 June 2017, Group had a net asset value per share of RMB57.4 cents, compared to RMB47.6 cents as of 31 December 2016.



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Business Review and Future Plans

While there were signs of recovery in certain segments so far in 2017, such as dry bulk carriers, the overall shipbuilding market remained tepid. The 53 key shipbuilding companies in China collectively received new shipbuilding orders of 10.4 million DWT in 1H2017, 30.7% lower compared to 1H2016; total outstanding order book was 78.3 million DWT as of 30 June, 2017, 31.7% lower compared to 30 June, 2016¹.

Over years, the Group has established a strong position in delivering specialized vessels. The Group has also worked with AVIC Dingheng and AVIC Weihai, associates of the AVIC Group, in various ship building contracts. AVIC Dingheng has a track record of delivering 12 chemical tankers, and upheld a competitive position in small-size (30,000 DWT and below) chemical tanker category. Its outstanding order book of 279,850 CGT (20 vessels) for this category ranked No.1 in the world² and it has a higher market share than several Japanese shipbuilders that traditionally dominated in this field. AVIC Weihai is known to have made remarkable steps in upgrading its capability and product mix. In June 2017, AVIC Weihai delivered the 6000-ton subsea rock installation vessel to Jan De Nul Group. The vessel, first of its kind ever built and delivered by a Chinese shipyard, is designed with world-leading technologies.

In July 2017, Deltamarin entered into contracts with Xiamen Shipbuilding Industry Co., Ltd in China to provide basic and detail design, engineering and construction support services for a ro-pax vessel to be built for Viking Line ABP. The aggregate value of the contracts exceeded Euro 11 million. Together with the largest mega passenger vessel design contract received in 2016 and all other contracts in order book, Deltamarin will see its capacity highly utilized for 2017 and 2018. With its expertise and track record in designing complex and clean energy vessels, Deltamarin is expected to continue to contribute positively to the Group, capitalizing on the synergies between Deltamarin and other business segments of the AVIC Group.

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

“We have made persistent efforts in building up our core capabilities in shipbuilding management and ship design, and in enhancing business development and tapping opportunities across the supply chain. We work on the integration of various business units, and together with the AVIC Group’s shipyards. we have made notable achievements with their flagship products and contributed positively to the Group’s financial performance. We believe

¹ http://www.eworldship.com/html/2017/LocalShipbuilding_0721/130280.html

² As of May 2017



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that our strategy to create a business unit of the maritime business to work closely with the other units of the AVIC Group and benefitting from their market positioning and strong financial support and to build an unique ship design house with strong footholds in China through Deltamarin from Europe will prosper over time.

To continue to create shareholder value, we will focus on the development of key vessel types, and ensure on-time delivery of quality vessels. While further cultivating our customer network overseas, we'll also explore business opportunities in China. On top of these, we believe cost management, risk management, cross selling and synergies between business segments will help stimulate business performance. With the Belt-and-Road initiative and a favourable business environment in China, AVIC International will continue to strengthen its foothold as a strong, established and integrated entity in the maritime business.”

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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>

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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This press release 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 Catalyst. The Sponsor has not independently verified the contents of this press release.

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 press release.

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