



## **AVIC International Investments Limited**

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### **PRESS RELEASE**

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## **AVIC Singapore's 3Q2012 revenue surges 66.2% to RMB35.3 million**

- *Revenue from the Group's first major shipbuilding contract contributed to its top-line growth*
- *Makes significant progress in establishing the Group's ship design capability with the proposed acquisition of Finnish ship design firm, Deltamarin*

**SINGAPORE – 9 November 2012** – Mainboard-listed shipbuilding project management and consultancy (“M&C”) services provider, **AVIC International Investments Limited** (“AVIC Singapore”, and together with its subsidiaries, the “Group”) (中航国际投资有限公司), which is a member of the Aviation Industry Corporation of China (“AVIC”) (中国航空工业集团公司) group of companies (the “AVIC Group”), today reported revenue growth of 66.2% to RMB35.3 million for the three months ended 30 September 2012 (“3Q2012”). For the nine months ended 30 September 2012 (“9M2012”), revenue for the Group increased 37.1% to reach RMB61.3 million.

This robust growth was on the back of the first shipbuilding revenue of RMB27.5 million for the construction of five vessels including three units of ASD tugboats, one unit of diver boat and one unit of bunkering tanker. Shipbuilding revenue accounted for 77.8% of the Group's total revenue in 3Q2012.

Also driving the rise in revenue was the increase in service fee income from the provision of shipbuilding project M&C services, which almost doubled to RMB7.8 million in 3Q2012

from RMB3.9 million in the corresponding period last year. Service fee income accounted for the remaining 22.2% of the Group's 3Q2012 revenue.

On a geographical basis, all the service fee income for the quarter under review originated from Asia, while the construction contract revenue was derived from the Middle East.

As a result of expenses relating to employee benefits, office expenses and other operating expenses, the Group's net profit for 3Q2012 declined 93.3% to RMB0.8 million. On a year to date basis, net profit for 9M2012 decreased 52.7% to reach RMB7.7 million.

Commenting on the latest set of results, AVIC Singapore's Executive Chairman and Interim Chief Executive Officer Dr Diao Weicheng (刁伟程) said, "We are delighted that our first major shipbuilding contract secured since our listing has started to contribute positively to the Group's revenue. This US\$60 million contract heralds our foray into shipbuilding and marks our progress in extending upstream along the shipping value chain."

### **Business Updates**

Last month, AVIC Singapore announced that it has signed a conditional sales and purchase agreement for the proposed acquisition of **Deltamarin Oy** ("Deltamarin"), a Finnish ship design firm specialising in ship design, engineering and contracting services for offshore and marine industries. Upon conclusion of the transaction, which is subject to shareholders' approval, the Group will hold a 79.57% stake in Deltamarin, and the latter will become the major ship design arm of AVIC Singapore.

Established since 1984, Deltamarin has broad experience in the development of profitable, sustainable and energy efficient concepts vessels. This proposed acquisition will allow the Group to tap on Deltamarin's strong in-house research, development and design capabilities for a wide range of vessels, as well as its rich global client base including shipyards, offshore companies, ship owners and operators, and suppliers of marine equipment, system and services.

Dr Diao explained, “Deltamarin’s ship design expertise and experience complements the Group’s strengths in shipbuilding project management and consultancy. The proposed acquisition will allow us to establish our research and development capability, particularly for technologically-advanced vessels, within a short time. There will be much potential operational synergies and costs savings from this deal.”

“Even during these challenging times in the global shipping industry, we remain optimistic about our long-term growth and continue to work towards expanding along the ship design, shipbuilding and ship-trading business value chain. Our proposed acquisition of Deltamarin is one step in that direction and will contribute to our growth strategy to become a dominant player in the global shipping industry,” added Dr Diao.

In addition, the Group is working on integrating under its wing, the shipbuilding and ship-trading related businesses of AVIC International Holding Corporation and its subsidiaries. Earlier this year, the Group incorporated a wholly-owned subsidiary in Singapore, AVIC International Ship Development Pte Ltd, for this purpose. In 3Q2012, the Group also incorporated a wholly-owned subsidiary in Hong Kong, AVIC Ship Investments Limited, and an indirect wholly-owned subsidiary in Singapore, AVIC International Offshore Pte. Ltd whose principal activities will be ship-trading and shipbuilding related businesses.

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***About AVIC International Investments Limited***

*AVIC International Investments Limited (“AVIC Singapore”), together with its subsidiaries (the “Group”), is a member of the Aviation Industry Corporation of China (“AVIC”) group of companies (the “AVIC Group”). Ranked 250 amongst the world’s largest Fortune 500 companies in 2012, the AVIC Group is one of the largest industrial groups authorised and managed by the Central Government of the PRC.*

*As a leading shipbuilding project management and consultancy services provider, the Group provides services such as ship-design, construction (both of which are out-sourced to third parties), procurement, new building management and marine finance arrangement for a variety of ships.*

*Moving forward, AVIC Singapore plans to diversify its business through long-term strategic investments in the global shipbuilding and ship-trading industry. The Group is forging ahead with its*

*strategy to expand along the ship-design, shipbuilding and ship-trading related businesses value chain.*

*Backed by an experienced management team with in-depth industry knowledge, AVIC Singapore is well-positioned to capitalise on the AVIC Group's excellent business relationships, strong fundamentals and extensive business network to carry out its business.*