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

*(Company Registration No. 201024137N)*

# AVIC International Maritime reports net profit of RMB10.9 million in 1Q2019

- **Revenue decreased by 5% year-on-year to RMB133.9 million in 1Q2019 due to absence of shipbuilding construction revenue, while shipbuilding project financing and management, and ship design service generated higher revenue compared to a year ago**
- **AVIC Maritime's related shipyards, AVIC Dingheng and AVIC Weihai, continued to build up their order books for niche products, which include small-medium size, dual-fuel chemical tankers and Ropax vessels**
- **Deltamarin grew its order book in 1Q2019 and extended its track record in the design of high-tech, green vessels**

**SINGAPORE, 15 May 2019** – 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"**), a leading integrated marine and offshore one-stop solution provider under the AVIC Group, today announced its financial results for the quarter ended 31 March 2019 **("1Q2019").**

## Financial Highlights

| RMB million | 1Q2019 | 1Q2018 | Change % |
|---|---|---|---|
| **Revenue** | 133.9 | 140.8 | (5) |
| Shipbuilding project service | | | |
| - Project management | 13.8 | 9.9 | 39 |
| - Project financing | 30.3 | 27.7 | 9 |
| Shipbuilding construction service | 0 | 14.1 | (100) |
| Ship-design service | 88.0 | 87.6 | 0.5 |
| **Cost of sales** | 54.1 | 65.7 | (18) |
| **Gross profit** | 79.8 | 75.0 | 6 |
| **Distribution and marketing expenses** | 5.8 | 7.6 | (23) |
| **Administrative expenses** | 37.9 | 30.3 | 25 |
| **Finance cost** | 25.5 | 19.8 | 28 |
| **Profit/(Loss) for the period** | 12.4 | 17.1 | (27) |
| **Profit attributable to equity holders** | 10.9 | 14.0 | (22) |

## Financial Review

The Group's revenue, mainly generated from its ship-design service, shipbuilding project management and project financing services in 1Q2019, saw a slight decrease of RMB 6.9 million or 5% year-on-year("yoy") to RMB 133.9 million. The decrease was mainly due to the shipbuilding construction service revenue dropping from RMB14.1 million in 1Q2018 to zero in 1Q2019 as the Fiji shipbuilding contract has been completed. By segment, shipbuilding project management revenue increased by 39% yoy to RMB13.8 million, shipbuilding project financing revenue increased by 10% yoy to RMB30.3 million, and ship-design service revenue increased marginally yoy to RMB88.0 million.

Cost of sales decreased by 18% to RMB54.1 million, attributed mainly to the completion of the shipbuilding contract and absence of vessel sales in the quarter. Despite the decrease in revenue, gross profit increased by 6% yoy to RMB79.8 million in 1Q2019, due to increased contribution from higher-margin businesses. On the group level, gross profit margin improved to 60% for 1Q2019 compared to 53% for 1Q2018.

The Group reported net profit attributable to equity shareholders of RMB10.4 million in 1Q2019, 22% lower compared to that of 1Q2018. Earnings per share in 1Q2019 was RMB3.83 cents, compared to RMB4.90 cents in 1Q2018. As of 31 March 2019, the Group recorded net assets value per share of RMB64.33 cents, compared to RMB62.20 cents as at 31 December 2018.

## Business Review and Future Plans

Global new shipbuilding orders declined substantially in the first quarter of 2019 compared to a year ago, as uncertainties in economic growth, trade tensions and the implication of the IMO rules on sulphur emission continued to weigh on market sentiment. Despite the challenges and uncertainties, the Group's related shipyards, AVIC Dingheng and AVIC Weihai continued to strengthen their foothold in the niche market for small and medium sized chemical tankers, gas carriers and Ro-Pax vessels.

AVIC Dingheng grew its order book for duel-fuel vessels to 13 (and one option order) as of April 2019. 11 of these vessels have been delivered (comprising two 4,700CBM multipurpose liquid gas carriers, and four 15,000DWT and five 16,300DWT duel fuel chemical tankers), and all were highly commended by its customers. In April 2019, AVIC Weihai received the ninth order for the LNG-ready Ropax vessel from Stena Line of Sweden further progressing its strategic upgrading plan to become one of the best Ro-Pax shipyards in the world. Leveraging on the strong ship-design capabilities of Deltamarin, the two shipyards expect to continue to enhance their capabilities to meet the new and increasingly stringent environmental protection regulations in the shipbuilding industry.

In March 2019, Deltamarin signed a contract worth EUR4 million with Rauma Marine Constructions Oy, a Finnish shipbuilding company, to provide basic and detail design services for all hull and machinery areas for a car passenger ferry. The services are to be provided over 13 to 14 months. Together with several other major vessel design orders in its order book, Deltamarin will see high capacity utilization till 2020.

Dr. Diao Weicheng (刁伟程), AVIC Maritime's Executive Chairman, commented on the performance and the outlook for the Group, ***"We have seen steady progress in the ship building management and consultancy businesses over the last few years. AVIC Dingheng and AVIC Weihai's capabilities in small-medium size chemical tankers, gas carriers and Ropax vessels, coupled with Deltamarin's strength in the design of high-tech, green vessels, will give us a competitive edge and place us in a strategic position over our competitors during volatile market cycles. We will continue to endeavour our best effort to strengthen our foothold in our niche market and to secure more contracts in 2019 with a view to creating better business value to our customers at large, and our shareholders alike in the long term."***

###

***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*

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

*(Company Registration No. 201024137N)*

**Contact Information**

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

---

*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 Catalist. 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*