AVIC INTERNATIONAL MARITIME HOLDINGS LIMITED

(formerly known as AVIC International Investments Limited)

(Company Registration No. 201024137N)

UNAUDITED FINANCIAL STATEMENTS AND ANNOUNCEMENT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

PART 1- INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF YEAR AND FULL YEAR ANNOUNCEMENTS

1 (a) An income statement and statement of comprehensive income, or a statement of comprehensive income for the group, together with a comparative statement for the corresponding period of the immediate preceding financial year.

1(a)(i) Consolidated Statement of Comprehensive Income for the Fourth Quarter and Full Year ended 31 December 2018

	Fourth Quarter			Full Year		
	Group 1 Oct 18 to 31 Dec 18	**Group 1 Oct 17 to 31 Dec 17**	**Change**	**Group 1 Jan 18 to 31 Dec 18**	**Group 1 Jan 17 to 31 Dec 17**	**Change**
	(RMB'000)	(RMB'000)	%	(RMB'000)	(RMB'000)	%
Revenue	160,613	179,491	(11)	587,660	645,688	(9)
Cost of sales	(63,374)	(97,692)	(35)	(242,792)	(378,888)	(36)
Gross profit	97,239	81,799	19	344,868	266,800	29
Other income	5,886	3,227	82	14,943	14,947	(1)
Other (losses)/gains – net	(2,359)	1,067	N/M	(3,691)	15,530	N/M
Expenses						
- Distribution and marketing	(10,655)	(12,712)	(16)	(38,248)	(40,760)	(6)
- Administrative	(50,447)	(36,070)	40	(159,024)	(136,470)	17
- Finance	(33,970)	(21,935)	55	(100,669)	(56,029)	80
- Other	1,307	(22,861)	N/M	1,147	(23,456)	N/M
Share of (losses)/profits of associates	(251)	(209)	20	546	1,638	(67)
Profit/(loss) before income tax	6,750	(7,694)	N/M	59,872	42,200	42
Income tax expense	(3,947)	(1,535)	157	(21,061)	(15,685)	34
Profit/(loss) after tax	2,803	(9,229)	N/M	38,811	26,515	46
Other comprehensive loss:						
Items that may be reclassified subsequently to profit or loss:						
Share of other comprehensive income of associated companies	26	174	(85)	26	174	(85)
Currency translation differences arising from consolidation	(6,583)	3,305	N/M	(13,863)	5,763	N/M
Total comprehensive (loss)/income	(3,754)	(5,750)	(35)	24,974	32,452	(23)
Profit/(loss) attributable to:						
Owner of the Company	961	(6,132)	N/M	27,280	26,829	2
Non-controlling interests	1,842	(3,097)	N/M	11,531	(314)	N/M
Profit/(loss) after tax	2,803	(9,229)	N/M	38,811	26,515	46

	Fourth Quarter			Full Year		
	Group 1 Oct 18 to 31 Dec 18	Group 1 Oct 17 to 31 Dec 17	Change	Group 1 Jan 18 to 31 Dec 18	Group 1 Jan 17 to 31 Dec 17	Change
	(RMB'000)	(RMB'000)	%	(RMB'000)	(RMB'000)	%
Total comprehensive (loss)/profit attributable to:						
Owner of the Company	(4,172)	(2,185)	91	12,674	28,908	(56)
Non-controlling interests	418	(3,565)	N/M	12,300	3,544	247
Total comprehensive (loss)/income	(3,754)	(5,750)	(35)	24,974	32,452	(23)

1(a)(ii) Notes to the Consolidated Statement of Comprehensive Income for the Fourth Quarter and Full Year ended 31 December 2018

	Fourth Quarter			Full Year		
	Group 1 Oct 18 to 31 Dec 18	Group 1 Oct 17 to 31 Dec 17	Change	Group 1 Jan 18 to 31 Dec 18	Group 1 Jan 17 to 30 Dec 17	Change
	(RMB'000)	(RMB'000)	%	(RMB'000)	(RMB'000)	%
Amortisation of intangible assets	(1,992)	(1,368)	46	(6,280)	(5,459)	15
Depreciation of property, plant and equipment	(935)	(913)	2	(3,639)	(3,398)	7
Government grants	4,661	2,082	124	10,880	11,347	(4)
Interest expense on borrowings	(32,516)	(15,108)	115	(94,918)	(48,485)	96
Interest income	572	326	75	2,362	1,914	23
(Loss)/gain on disposal of property, plant and equipment	-	(151)	N/M	-	107	N/M
Net foreign exchange gain/(loss)	2,170	960	126	(403)	15,423	N/M
Property, plant and equipment (written off)	(213)	(67)	N/M	(213)	(238)	N/M
Rental expenses on operating leases	(5,416)	(3,447)	57	(17,491)	(17,331)	1
Write back/(allowance) for doubtful debts for non-trade receivables	1	(3,868)	N/M	(12)	(42)	(71)
Write back/(allowance) for doubtful debts on trade receivables	3,581	(2,827)	N/M	3,435	(7,077)	N/M
Write-down of inventories to NRV	(2,275)	(16,087)	(86)	(2,275)	(16,087)	(86)

N/M – Not meaningful
when differences +/- greater than 1000%

1(b) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediate preceding financial year

1(b)(i) Unaudited Statements of Financial Position as at 31 December 2018

	Group		Company	
	31 Dec 2018 (RMB'000)	**31 Dec 2017** (RMB'000)	**31 Dec 2018** (RMB'000)	**31 Dec 2017** (RMB'000)
ASSETS				
Current assets				
Cash and cash equivalents	243,331	135,024	7,635	4,373
Cash pledged with bank	13,267	25,555	-	-
Trade and other receivables	2,442,059	2,342,204	16,915	387
Due from subsidiaries	-	-	-	25,221
Finance lease receivables	23,610	14,411	-	-
Inventories	156,477	139,885	-	-
	2,878,744	**2,657,079**	**24,550**	**29,981**
Non-current assets				
Trade and other receivables	-	-	-	-
Finance lease receivables	19,788	34,136	-	-
Investment in associated companies	5,943	5,371	-	-
Investment in subsidiaries	-	-	588,894	585,093
Property, plant and equipment	8,968	8,381	-	106
Intangible assets (Note A)	76,619	74,917	-	-
Goodwill	114,706	114,049	-	-
Available-for-sale financial assets	-	12	-	-
Deferred tax assets	2,014	1,721	-	-
	228,038	**238,587**	**588,894**	**585,199**
Total assets	**3,106,782**	**2,895,666**	**613,444**	**615,180**
LIABILITIES				
Current liabilities				
Trade and other payables	296,365	313,162	19,258	55,845
Due to immediate-holding corporation	-	2,789	-	-
Due to subsidiaries (non trade)	-	-	301,577	234,811
Borrowings	1,905,491	1,918,705	177,468	195,324
Finance lease liabilities	1,161	953	-	-
Current income tax liabilities	21,825	18,538	-	-
Financial derivative liabilities	24,753	-	-	-
	2,249,595	**2,254,147**	**498,303**	**485,980**

Note A: Intangible assets

Intangible assets are mainly acquired technical knowhow, ship design engineering software licences and acquired brand arising from acquisition of Deltamarin Ltd.

	Group		Company	
	31 Dec 2018 (RMB'000)	**31 Dec 2017** (RMB'000)	**31 Dec 2018** (RMB'000)	**31 Dec 2017** (RMB'000)
Non-current liabilities				
Borrowings	588,302	395,033	-	-
Finance lease liabilities	1,076	553	-	-
Deferred tax liabilities	15,108	15,556	-	-
Due to subsidiaries	-	-	9,417	9,488
	604,486	**411,142**	**9,417**	**9,488**
Total liabilities	**2,854,081**	**2,665,289**	**507,720**	**495,468**
Net assets	**252,701**	**230,377**	**105,724**	**119,712**
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	101,237	101,237	101,237	101,237
Capital reserve	11,944	11,944	10,429	10,429
Merger reserve	(3,664)	(3,664)	-	-
Statutory reserve	32,019	19,895	-	-
Currency translation reserve	(20,736)	(6,130)	844	(1,810)
Retained profits/(accumulated losses)	56,822	41,666	(6,786)	9,856
	177,622	**164,948**	**105,724**	**119,712**
Non-controlling interests	**75,079**	**65,429**	**-**	**-**
Total equity	**252,701**	**230,377**	**105,724**	**119,712**

1(b)(ii) Aggregate amount of group's borrowings.

(A) Amount repayable in one year or less, or on demand

As at 31 Dec 2018	
Secured (RMB'000)	Unsecured (RMB'000)
1,161	1,905,491

As at 31 Dec 2017	
Secured (RMB'000)	Unsecured (RMB'000)
953	1,918,705

(B) Amount repayable after one year

As at 31 Dec 2018	
Secured (RMB'000)	Unsecured (RMB'000)
1,076	588,302

As at 31 Dec 2017	
Secured (RMB'000)	Unsecured (RMB'000)
553	395,033

(C) Details of any collaterals

Bank borrowings of the Group and the Company are guaranteed by the Company's immediate holding corporation, intermediate holding corporation and its related corporations.

USD9,694,000 (equivalent to approximately RMB66,532,000) of the loans from non-controlling interests corporation are unsecured, interest free and are repayable on demand. These loans are denominated in United States Dollars ("USD") and their carrying amounts approximate their fair value.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Cash Flow Statements for the Fourth Quarter and Full Year ended 31 December 2018

	Fourth Quarter		Full Year	
	Group	Group	Group	Group
	1 Oct 18 to 31 Dec 18 (RMB'000)	1 Oct 17 to 31 Dec 17 (RMB'000)	1 Jan 18 to 31 Dec 18 (RMB'000)	1 Jan 17 to 31 Dec 17 (RMB'000)
Cash flow from operating activities				
Profit/(loss) before income tax	6,750	(7,694)	59,872	42,200
Adjustments for:				
Amortisation of intangible assets	1,992	1,368	6,280	5,459
Depreciation of property, plant and equipment	935	913	3,639	3,398
Loss/(gain) on disposal of property, plant and equipment	-	151	-	(107)
Interest expenses	32,613	15,108	95,015	48,485
Interest income	(572)	(326)	(2,362)	(1,914)
Property, plant and equipment written off	213	67	213	238
Provision for foreseeable losses	1,967	-	1,967	-
Waiver of amount due to related corporation	(1,258)	-	(1,258)	-
Write back/(allowance) for doubtful debts on non-trade receivables	(1)	3,868	12	42
Write back/(allowance) for doubtful debts on trade receivables	(3,581)	2,827	(3,435)	7,077
Write down of inventories to net realisable value	2,275	16,087	2,275	16,087
Share of (profits)/losses of associates	251	209	(546)	(1,638)
Unrealised currency translation (losses)/gains	(11,288)	225	(4,174)	(17,886)
	30,296	32,803	157,498	101,441
Change in working capital:				
Inventories	(7,549)	41,700	(18,867)	122,990
Trade and other receivables	(11,704)	(683,130)	(99,013)	(1,475,224)
Trade and other payables	51,197	(211,167)	33,550	(269,237)
Cash provided by/(used in) operations	62,240	(819,794)	73,168	(1,520,030)
Interest received	572	(76)	2,362	1,512
Income tax paid	(8,433)	(3,611)	(17,857)	(19,663)
Net cash provided by/(used in) operating activities	**54,379**	**(823,481)**	**57,673**	**(1,538,181)**
Cash flow from investing activities				
Additions to property, plant and equipment (Note B)	(933)	(2,706)	(2,172)	(3,760)
Additions to intangible assets	(3,715)	(170)	(7,550)	(394)
Proceeds on disposal of property, plant and equipment	-	(151)	-	107
Net cash used in investing activities	**(4,648)**	**(3,027)**	**(9,722)**	**(4,047)**

	Fourth Quarter		Full Year	
	Group	Group	Group	Group
	1 Oct 18 to 31 Dec 18 (RMB'000)	1 Oct 17 to 31 Dec 17 (RMB'000)	1 Jan 18 to 31 Dec 18 (RMB'000)	1 Jan 17 to 31 Dec 17 (RMB'000)
Cash flow from financing activities				
Dividends paid to non-controlling interests	(9)	-	(2,650)	(1,539)
Interest paid	(34,709)	(19,642)	(98,181)	(42,944)
Decrease in cash pledged with bank	55,767	6,306	12,288	65,998
Proceeds from borrowings	2,249,663	1,513,498	3,836,978	2,051,991
(Payment for)/ proceeds from finance leases	(3,021)	(1,427)	5,149	13,439
Repayment of finance lease liabilities	(1,177)	(155)	(2,087)	(893)
Repayment of borrowings	(2,388,668)	(758,038)	(3,679,536)	(909,456)
(Net cash used in)/provided by financing activities	(122,154)	740,542	71,961	1,176,596
Net (decrease)/increase in cash and cash equivalents	(72,423)	(85,966)	119,912	(365,632)
Cash and cash equivalents				
Beginning of financial year	321,774	221,797	135,024	495,184
Effect of currency translation on cash and cash equivalents	(6,020)	(807)	(11,605)	5,472
Cash and cash equivalents at end of the financial period	**243,331**	**135,024**	**243,331**	**135,024**

Note B: Purchase of plant and equipment

During 4Q2018, the Group acquired property, plant and equipment with an aggregate cost of RMB933,000 (4Q2017: RMB2,706,000). Cash payments amounting to RMB933,000 (4Q2016: RMB1,503,000) were made to purchase property, plant and equipment.

During the financial year ended 31 December 2018, the Group acquired property, plant and equipment with an aggregate cost of RMB4,259,000 (FY2017: RMB3,760,000) of which RMB2,087,000 (FY2017:RMB893,000) was acquired though Finance Lease. Cash payments amounting to RMB2,172,000 (FY2017: RMB2,595,000) were made to purchase property, plant and equipment.

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statement of Changes in Equity

	Share capital	Capital reserve	Merger reserve	Statutory reserve	Currency translation reserve	Retained profits	Equity attributable to owners of the Company	Non-controlling interests	Total equity
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
The Group									
Balance at 1 Jan 2018	**101,237**	**11,944**	**(3,664)**	**19,895**	**(6,130)**	**41,666**	**164,948**	**65,429**	**230,377**
Profit for the period	-	-	-	-	-	26,319	26,319	9,689	36,008
Other comprehensive (loss)/income	-	-	-	-	(9,473)	-	(9,473)	2,193	(7,280)
Total comprehensive (loss)/income for the period	**-**	**-**	**-**	**-**	**(9,473)**	**26,319**	**16,846**	**11,882**	**28,728**
Distributions to non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	(2,641)	(2,641)
Total transactions with owners, recognised directly in equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(2,641)**	**(2,641)**
Balance at 30 Sep 2018	**101,237**	**11,944**	**(3,664)**	**19,895**	**(15,603)**	**67,985**	**181,794**	**74,670**	**256,464**
Profits for the period	-	-	-	-	-	961	961	1,842	2,803
Other comprehensive loss	-	-	-	-	(5,133)	-	(5,133)	(1,433)	(6,566)
Transfer to statutory reserve	-	-	-	12,124	-	(12,124)	-	-	-
Total comprehensive income /(loss) for the period	**-**	**-**	**-**	**12,124**	**(5,133)**	**(11,163)**	**(4,172)**	**409**	**(3,763)**
Total transactions with owners, recognised directly in equity	**-**	**-**	**-**	-	**-**	**-**	**-**	**-**	**-**
Balance at 31 Dec 2018	**101,237**	**11,944**	**(3,664)**	**32,019**	**(20,736)**	**56,822**	**177,622**	**75,079**	**252,701**

	Share capital (RMB'000)	Capital reserve (RMB'000)	Merger reserve (RMB'000)	Statutory reserve (RMB'000)	Currency translation reserve (RMB'000)	Retained profits (RMB'000)	Equity attributable to owners of the Company (RMB'000)	Non-controlling interests (RMB'000)	Total equity (RMB'000)
The Group									
Balance at 1 Jan 2017	**101,237**	**11,944**	**(3,644)**	**16,712**	**(8,209)**	**18,020**	**136,040**	**63,467**	**199,507**
Profit for the period	-	-	-	-	-	32,961	32,961	2,783	35,744
Other comprehensive (loss)/income	-	-	-	-	(1,868)	-	(1,868)	4,326	2,458
Total comprehensive (loss)/income for the period	**-**	**-**	**-**	**-**	**(1,868)**	**32,961**	**31,093**	**7,109**	**38,202**
Distributions to non-controlling interests	-	-	-	-	-	-	-	(1,582)	(1,582)
Total transactions with owners, recognised directly in equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1,582)**	**(1,582)**
Balance at 30 Sep 2017	**101,237**	**11,944**	**(3,664)**	**16,712**	**(10,077)**	**50,981**	**167,133**	**68,994**	**236,127**
Loss for the period	-	-	-	-	-	(6,132)	(6,132)	(3,097)	(9,229)
Other comprehensive income/(loss)	-	-	-	-	3,947	-	3,947	(468)	3,479
Transfer to statutory reserve	-	-	-	3,183	-	(3,183)	-	-	-
Total comprehensive income /(loss) for the period	**-**	**-**	**-**	**3,183**	**3,947**	**(9,315)**	**(2,185)**	**(3,565)**	**(5,750)**
Total transactions with owners, recognised directly in equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Balance at 31 Dec 2017	**101,237**	**11,944**	**(3,664)**	**19,895**	**(6,130)**	**41,666**	**164,948**	**65,429**	**230,377**

Statement of Changes in Equity

	Share capital	Capital reserve	Currency translation reserve	(Accumulated losses)/ retained profits	Total equity
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
The Company					
Balance at 1 Jan 2018	**101,237**	**10,429**	**(1,810)**	**9,856**	**119,712**
Profit for the period	-	-	-	1,434	1,434
Other comprehensive income	-	-	3,690	-	3,690
Total comprehensive income for the period	-	-	3,690	1,434	5,124
Balance at 30 Sep 2018	**101,237**	**10,429**	**1,880**	**11,290**	**124,836**
Loss for the period	-	-	-	(18,076)	(18,076)
Other comprehensive loss	-	-	(1,036)	-	(1,036)
Total comprehensive loss for the period	-	-	(1,036)	(18,076)	(19,112)
Balance at 31 Dec 2018	**101,237**	**10,429**	**844**	**(6,786)**	**105,724**
Balance at 1 Jan 2017	**101,237**	**10,429**	**(3,277)**	**(20,267)**	**88,122**
Profit for the period	-	-	-	991	991
Other comprehensive income	-	-	1,861	-	1,861
Total comprehensive income for the period	-	-	1,861	991	2,852
Balance at 30 Sep 2017	**101,237**	**10,429**	**(1,416)**	**(19,276)**	**90,974**
Profit for the period	-	-	-	29,132	29,132
Other comprehensive loss	-	-	(394)	-	(394)
Total comprehensive (loss)/income for the period	-	-	(394)	29,132	28,738
Balance at 31 Dec 2017	**101,237**	**10,429**	**(1,810)**	**9,856**	**119,712**

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on.

State also the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There were no changes to the issued share capital of the Company since 31 December 2017. As at 31 December 2018, the issued share capital of the Company was RMB101,237,000 comprising 285,576,000 ordinary shares.

There were no outstanding convertibles as well as shares held as treasury shares of the Company as at 31 December 2018 (31 December 2017: Nil).

1(d)(iii)To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

As at 31 December 2017 and 31 December 2018, the share capital of the Company comprised 285,576,000 ordinary shares.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

The Company did not hold any treasury shares as at 31 December 2018 (31 December 2017: Nil). There was no sale, transfer, disposal, cancellation and/or use of treasury shares as at 31 December 2018.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

There was no sale, transfer, disposal, cancellation and/or use of subsidiary holdings as at 31 December 2018.

2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures presented in this announcement have not been audited or reviewed by the Company's auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The accounting policy and methods of computation applied by the Group are consistent with those used in its most recently audited financial statements, except as disclosed under paragraph 5 below.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Singapore Accounting Standards Council has introduced a new Singapore financial reporting framework that is equivalent to the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The new framework is referred to as 'Singapore Financial Reporting Standards (International)' ("SFRS(I)") hereinafter. As required by the listing requirements of the Singapore Exchange, the Group has adopted SFRS(I)s on 1 January 2018 and the Group's financial statements for 4Q2018 and FY2018 have been prepared in accordance with SRFS(I).

a) Application of SFRS (I) 1

In adopting SFRS (I), the Group is required to apply all of the specific transition requirements in SFRS (I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*. The adoption of SFRS (I) 1 did not have a material impact on the financial statements as the Group has decided not to elect any of the optional exemptions provided by SFRS (I) 1.

b) Adoption of SFRS (I) 9

SFRS (I) 9 retains the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income (OCI) and fair value through Profit or Loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset.

There is also now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through OCI, contract assets under SFRS (I) 15 Revenue from contracts with customers, lease receivables, loan commitments and certain financial guarantee contracts.

The adoption of SFRS (I) 9 did not have a material impact on the financial statements for the quarter ended 31 December 2018.

c) Adoption of SFRS (I) 15

The core principle of SFRS (I) 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

SFRS (I) 15 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The Group has assessed each of its existing contract under the requirements of SFRS (I) 15 and concluded that all of these contracts have one performance obligation. Accordingly, there is no change to the basis of revenue recognition from the prior years.

Following the presentation requirements in SFRS (I) 15, the Group will present the consideration due from customers on construction contracts as contract assets and due to customers on construction contract as contract liabilities.

6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Fourth Quarter		Full Year	
	1 Oct 2018 to 31 Dec 2018	1 Oct 2017 to 31 Dec 2017	1 Jan 2018 to 31 Dec 2018	1 Jan 2017 to 31 Dec 2017
Earnings per ordinary share attributable to owners of the Company				
(a) Based on the weighted average number of ordinary shares in issue (RMB cents)	0.35	(2.15)	9.55	9.39
Weighted average number of ordinary shares	285,576,000	285,576,000	285,576,000	285,576,000
(b) On a fully diluted basis (RMB cents)	0.35	(2.15)	9.55	9.39
Weighted average number of ordinary shares	285,576,000	285,576,000	285,576,000	285,576,000

Basic earnings per ordinary share are calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share is the same as the basic earnings per share for the financial years ended 31 December 2018 and 2017 as the Company has no potential dilutive ordinary shares.

7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year.

	Group		Company	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
Net asset value per share based on issued share capital (RMB cents)	62.20	57.76	37.02	41.92
Number of ordinary shares issued at the end of period / year	285,576,000	285,576,000	285,576,000	285,576,000

8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

	Fourth Quarter				Full Year			
The Group	**1 Oct 18 to 31 Dec 18**		**1 Oct 17 to 31 Dec 17**		**1 Jan 18 to 31 Dec 18**		**1 Jan 17 to 31 Dec 17**	
	(RMB'000)	%	(RMB'000)	%	(RMB'000)	%	(RMB'000)	%
Revenue by type of services:								
Ship-design service	107,118	66.70	80,605	44.90	381,002	64.80	274,820	42.60
Shipbuilding project services								
-project management	10,757	6.70	20,784	11.60	43,808	7.50	64,259	10.00
-project financing	34,079	21.20	10,939	6.10	124,773	21.20	57,241	8.90
Shipbuilding construction service	3,160	2.00	20,718	11.50	27,531	4.70	120,285	18.60
Sale of vessels	-	-	42,770	23.80	-	-	119,071	18.40
Finance lease income	1,690	1.10	1,779	1.00	5,470	0.90	7,287	1.10
Others	3,809	2.30	1,896	1.10	5,076	0.90	2,725	0.40
Total revenue	160,613	100.00	179,491	100.00	587,660	100.00	645,688	100.00

Consolidated Statement of Comprehensive Income

Revenue

In 4Q2018, the Group's revenue was generated mainly from its ship-design service, shipbuilding project management and project financing services. The Group's revenue decreased by RMB18.9 million or 11% to RMB160.6 million in 4Q2018 compared with 4Q2017. The decrease was mainly due to: (1) Shipbuilding construction service revenue decreasing by RMB17.6 million to RMB3.2 million due to the completion of the Fiji shipbuilding contract this year; (2) Sale of vessels revenue decreasing by RMB42.8 million as no vessel was sold this year; (3) Shipbuilding project management revenue decreased by RMB10.0 million due to the downward adjustments of agency contract fee rate with shipyards. However, Ship-design service revenue enjoyed a RMB26.5 million or 33% growth to RMB107.1 million compared to a RMB80.6 million in corresponding period of last year. Also, shipbuilding project financing income increased 216% or RMB23.1 million to RMB34.1 million.

Full year revenue of the Group decreased 9% or RMB58.0 million to RMB587.7million in FY2018 compared to FY2017. This was mainly attributed to decrease in revenues from shipbuilding construction service, shipbuilding project management service and sale of vessels revenues, partially offset by increase in ship-design, and shipbuilding project financing service income.

Cost of sales and gross profit

Cost of sales decreased RMB34.3 million or 35% to RMB63.4 million in 4Q2018, attributed mainly to the completion of the shipbuilding contract and absence of vessel sales in the quarter. However, gross profit increased 19% to RMB97.2 million in 4Q2018 due to increased contribution from the higher margined ship-design and project financing services.

For FY2018, cost of sales decreased RMB136.1 million or 36% to RMB242.8 million, for the same reason stated for 4Q2018. Gross profit in FY2018 increased 29% to RMB344.9 million for the same reason stated for 4Q2018, with revenue from the ship-design and project financing services increasing by 39% and 118% respectively. Gross profit margin was 59% in FY2018 compared to 41% in FY2017.

Other income

Other income consisted mainly of interest income and government grants. Other income registered an 82% increase to RMB5.9 million in 4Q2018 mainly due to RMB10.9 million in government grants received from the Chinese authorities to encourage technical innovation, representing a 124% increase from 4Q2017. Interest income increased 75% to RMB0.6 million in 4Q2017 as compared to a RMB0.3 million in 4Q2017 mainly due to an increased interest rate offered by the deposit banks.

For FY2018, interest income increased 23% to RMB2.4 million mainly due to the same reason stated above for 4Q2018.

Other (losses)/ gains - net

Other loss in 4Q2018 amounted to RMB2.4 million, compared to a gain of RMB1.1 million in 4Q2017, attributed mainly to a financial loss of RMB6.2 million arising from inadvertent payment transfers made for a ship design contract which the Group is taking steps to recover, partially offset by a gain of RMB1.7 million on cash recovery on the liquidation of a subsidiary in connection with the Group restructuring as well as a gain of RMB2.2 million foreign exchange gains arising from receivables denominated in SGD which had strengthened against the USD. The Company has treated the aforesaid RMB6.2 million as a financial loss recorded for 4Q2018 and FY2018 out of prudence.

For FY2018, other loss amounted to RMB3.7 million, compared to a gain of RMB15.5 million in FY2017, due to the same reasons stated above for 4Q2018. A gain of RMB0.2 million on property, plant and equipment write-off in FY2018 is recognised, compared to a loss of RMB0.2 million for FY2017.

Distribution and marketing expenses

Distribution and marketing expenses consisted mainly of the sales and marketing department's office rental, employee benefits expenses and travelling expenses.

Distribution and marketing expenses decreased RMB2.1 million, or 16%, mainly due to reclassification of R&D expenses to administrative expenses.

For FY2018, distribution and marketing expenses decreased RMB2.5 million, or 6%, for the same reason stated above for 4Q2018.

Administrative expenses

Administrative expenses comprised office rental and office expenses, depreciation expenses, amortisation expenses, professional fees incurred to maintain the Group's listing status, employee benefits and travelling expenses.

Administrative expenses increased RMB14.4 million or 40% to RMB50.4 million in 4Q2018. The increase was mainly due to reclassification and increasing input of R&D expenses to administrative expenses. R&D headcount and related expenses had increased to support ship-design services. Rental expenses on operating leases increased 57% from RMB3.5 million in 4Q2017 to RMB5.4 million in 4Q2018 mainly due to increase in the use of operating leasing office equipment by the Deltamarin Group.

For FY2018, administrative expenses increased by RMB22.6 million or 17% mainly due to reclassification of R&D staff expenses and increased investments in R&D.

The depreciation charge for plant and equipment amounted to RMB0.9 million in 4Q2018. Amortisation of intangible assets amounted to RMB2.0 million in 4Q2018, mainly arising from the amortisation of software, technical knowhow and brand name from Deltamarin Group.

For FY2018, the depreciation charge for plant and equipment amounted to RMB3.6 million. Amortisation of intangible assets amounted to RMB6.3 million mainly due to the same reason stated above for 4Q2018.

Finance expenses

Finance expenses increased 55% (or RMB12.0 million) to RMB34.0 million in 4Q2018, and by 80% (or 44.6 million) to RMB100.7 million in FY2018 due to increased borrowings used for project financing of vessel constructions as well as an increase in loan interest rates for such borrowings.

Other expenses

Other expenses decreased from RMB22.9 million in 4Q2017 (due to impairment loss on vessels held on inventory) to a credit of RMB1.3 million in 4Q2018 (due to write back of allowance made for doubtful debts, offset partially by impairment loss on vessels held on inventory).

For FY2018, other expenses decreased from RMB23.5 million to a credit of RMB1.1 million mainly due to the same reasons stated above for 4Q2018.

Share of (losses)/profit of associates

The share of loss from associates in 4Q2018 amounted to RMB0.3 million compared to a loss of RMB0.2 million in 4Q2017. In FY2018, the Group recorded a share of profit of associates of RMB0.5 million compared to a profit of RMB1.6 million in FY2017 due to lower profit at associates.

Income tax expense

The operating subsidiaries in China and Finland are subject to income tax rates of 25% and 20% respectively. Income tax expense increased RMB2.4 million to RMB3.9 million in 4Q2018, mainly due to the varied profit and loss performance of the Group's different business units.

For FY2018, income tax expenses increased from RMB15.7 million to RMB21.1 million mainly due to the same reason stated above for 4Q2018.

Share of other comprehensive income of associated companies

Share of other comprehensive income of associate companies was arising from consolidation. In 4Q2018, there was a gain of RMB0.03 million on share of other comprehensive income as compared to a gain of RMB0.2 million in 4Q2017.

For FY2018, there was a gain of RMB0.03 million on share of other comprehensive income of associated companies as compared to a gain of RMB0.2 million in FY2017.

Currency translation differences arising from consolidation

Currency translation differences arising from consolidation consisted of gain or loss that varied due to the functional currency of the Group's different business units being translated into RMB as the presentation currency. A loss of RMB6.6 million was recognised in 4Q2018 as compared to a gain of RMB3.3 million in 4Q2017.

For FY2018, a loss of RMB13.9 million was recognised as compared to a gain of RMB5.8 million in FY2017.

Profit/(loss) for the period

After taking into account income tax expense and non-controlling interests, net profit attributable to shareholders for 4Q2018 was RMB1.0 million, as compared to net loss of RMB6.1 million in 4Q2017. A profit attributable to non-controlling interests was RMB1.8 million in 4Q2018, as compared to a net loss of RMB3.1 million in 4Q2017 mainly due to a significant loss attributed to non-controlling interests arising from write down of inventories to net realisable value.

In FY2018, net profit attributable to shareholders was RMB27.3 million, compared to net profit of RMB26.8 million in FY2017. A profit attributable to non-controlling interests was RMB11.5 million in FY2018, as compared to a net loss of RMB0.3 million in FY2017 mainly due to the same reasons stated for 4Q2018.

Statement of Financial Position

Current assets

As at 31 December 2018, the Group's cash and cash equivalents amounted to RMB243.3 million, representing an increase of RMB108.3 million from RMB135.0 million as at 31 December 2017 mainly due to the increased receipt of payments from shipowners in accordance with the milestone achieved. As at 31 December 2018, all of the Group's fixed deposits had matured and were not renewed. Cash pledged with banks decreased slightly from RMB25.6 million to RMB13.3 million as at 31 December 2018 and this was mainly due to release of payment for shipbuilding supplies.

Trade and other receivables comprised mainly advance payment on construction contracts, receivables arising from ship-design service, receivables arising from shipbuilding project services, non-trade receivables due from related corporations, rental deposit, tax recoverable and prepayments. Trade and other receivables increased RMB99.9 million to RMB2,442.1 million as at 31 December 2018, mainly due to an increased amount of RMB91.1 million receivables arising from shipbuilding project financing provided to related party shipyards.

Finance lease receivables, amounting to RMB23.6 million as at 31 December 2018, arose from the sale of tug boats under a finance lease agreement in FY2016.

Inventories amounting to RMB156.5 million as at 31 December 2018 were attributable to tug boats under construction. Inventories increased RMB16.6 million to RMB156.5 million as at end of FY2018. Inventories increased due to progress in the percentage of completion of tug boats under construction, partially offset by the inventories impairment charge of RMB2.3 million made in FY2018.

Non-current assets

Property, plant and equipment comprised motor vehicles, computers and software, furniture and fixtures, and office equipment.

Investment in associated companies is accounted for by the amount of investment in non-controlling entities held by the Deltamarin Group and China subsidiary.

Intangible assets comprised software licenses, brand name and technical knowhow. Intangible assets amounted to RMB76.6 million as at 31 December 2018, an increase of RMB1.7 million from FY2017. The increase was due to new intangible assets acquired.

The Group's goodwill had arisen from the acquisition of the Deltamarin Group in FY2013. The goodwill amounted to RMB114.7 million as at 31 December 2018, there being no material change from 31 December 2017.

Deferred tax assets are accounted for by the timing differences between accounting and tax bases, and were derived from the operating subsidiaries in China and Finland.

Non-current portion of finance lease receivables decreased RMB14.3 million to RMB19.8 million as at 31 December 2018 as a result of payments received from the buyer of tug boats which were sold under a finance lease agreement in FY2016.

Current liabilities

Current portion of borrowings are accounted for by the portion of the borrowings raised which were repayable within 12 months as at 31 December 2018. Current portion of borrowings obtained to finance working capital requirements totalled RMB1,905.5 million.

Trade and other payables comprised mainly the amounts payable for business, advance receipts from ship owners, accruals and interest payables. Trade and other payables amounted to RMB296.4 million as at 31 December 2018 compared to RM313.2 million as at 31 December 2017. The decrease is mainly attributed to the release of advance receipts from ship owners and the decrease in amount due to related parties, both arising from the shipbuilding management services business.

Finance lease liabilities comprised office equipment leased within 12 months by the Deltamarin Group which amounted to RMB1.2 million as at 31 December 2018.

Income tax payable increased by RMB3.3 million from RMB18.5 million to RMB21.8 million as at 31 December 2018.

Financial derivative liabilities mainly consist of the Group's forward and option currency contracts entered into with financial institutions on behalf of related corporations, which amounted to RMB24.8 million as at 31 December 2018.

Non-current liabilities

Long-term borrowings increased by RMB193.3 million to RMB588.3 million as at 31 December 2018 due to increased borrowings used for project financing of vessel constructions.

Finance lease liabilities comprised office equipment leased for more than 12 months by the Deltamarin Group which amounted to RMB1.1 million as at 31 December 2018.

Deferred tax liabilities are accounted for by the tax liabilities for the timing differences arising from the recognition of the intangible assets, deferred ship-design fee income and fair valuation of the Deltamarin Group's assets.

Capital reserve
The amount of capital reserve as at 31 December 2018 comprised a deemed contribution from the former immediate holding company as a result of initial recognition of shareholder's loan at fair value during the financial year ended 31 December 2012. There was no movement in capital reserve in 4Q2018.

Statutory reserve
The amount of statutory reserve as at 31 December 2018 was provided in a category rate in accordance with the company law of China. As at 31 December 2018, there was an increase to RMB32.0 million of statutory reserve due to increased retained earnings booked in the Group's China subsidiaries.

Currency translation reserve
The amount of currency translation reserve as at 31 December 2018 consisted of gain or loss that varied due to the functional currency of the Group's different business units being translated into RMB as the presentation currency in consolidation. A negative RMB20.7 million currency translation reserve was recognised as at 31 December 2018 as compared to a negative RMB6.1 million of such amount recognised as at 31 December 2017.

Retained profits/accumulated losses
Retained profits amounted to RMB56.8 million as at 31 December 2018, as compared to RMB41.7 million at 31 December 2017 due to the Group's profit-making in FY2018.

Consolidated cash flow statements

Net cash inflow from operating activities in 4Q2018 was RMB54.4 million compared to net cash outflow of RMB823.5 million in the corresponding quarter last year. The cash inflow was due to increase in trade and other payables, partially offset by an increase in trade and other receivables. An unrealised currency translation loss of RMB11.3 million in 4Q2018 as compared to a gain of RMB0.2 million in 4Q2017 was mainly due to a revaluation of foreign currency held on the Company's bank accounts.

Net cash inflow from operating activities in FY2018 was RMB57.7 million compared to net cash outflow of RMB1,538.2 million in FY2017. The cash inflow was due to the same reason stated above in 4Q2018.

Net cash outflow from investing activities in 4Q2018 was RMB4.6 million compared to net cash outflow of RMB3.0 million in 4Q2017 mainly due to increased investment in intangible assets of ship design software.

Net cash outflow from investing activities in FY2018 was RMB9.7 million compared to net cash outflow of RMB4.0 million in FY2017 due to the same reason stated above for 4Q2018.

In 4Q2018, net cash outflow from financing activities amounted to RMB122.2 million, compared to net cash inflow of RMB740.5 million in 4Q2017 and this was mainly due to repayments of borrowings. Dividends paid to non-controlling interests was approximately nil in 4Q2018 and there was no such dividend in 4Q2017.

In FY2018, net cash inflow from financing activities amounted to RMB72.0 million, compared to net cash inflow of RMB1,176.6 million in FY2017 and this was mainly due to repayments of borrowings increased as compare to corresponding period of last year. Dividends paid to non-controlling interest was RMB2.7 million in FY2018 as compared with RMB1.5 million in FY2017.

The effect of currency translation on cash and cash equivalent arose from a revaluation of foreign currency held on the Company's bank accounts. A loss of RMB6.0 million was recognised in 4Q2018 as compared to a loss of RMB0.8 million in 4Q2017. In FY2018, a loss of RMB11.6 million was recognised as compared to a gain of RMB5.5 million in FY2017.

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast was given in our previous results announcements.

10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Despite a promising start in 2018, the recovery in the global shipbuilding market slowed down in the later part of the year due to uncertainties in the ongoing trade negotiations between US and China. There will be some uncertainties on shipping and shipbuilding demand in the near term.

The Group is well placed to meet the uncertain market environment with its outstanding ship-design capabilities that serve a wide range of vessel types, such as RO-PAX, cruise ships and other high-tech, highly-specialized and green vessels. The Group's design arm, Deltamarin further strengthened its order book in 2018. New contracts secured during the year include the provision of consultancy and engineering services for Guangzhou Shipyard International Co, Ltd for the DFDS (Det Forenede Dampskibs-Selskab) RO-PAX ferries, and providing basic and detail design as well as site assistance services for a Global Class mega cruise ship for MV Werften of Germany. Together with several other major ship design orders in its order book, Deltamarin will see high capacity utilization till 2020.

In terms of shipbuilding related business, the Group maintained strong working relationship with two shipyards in the AVIC Group, AVIC Dingheng Shipbuilding Co., Ltd and AVIC Weihai Shipyard Co., Ltd., through collaboration on shipbuilding design and the provision of maritime management and consultancy services, including shipbuilding project financing and management services. A number of vessels have been completed and delivered in 2018, including small containerships, chemical tankers and RO-PAX vessels. The related shipyards have established a strong foothold in these niche markets and the collaboration will continue to contribute to the Group's financial performance.

In October 2018, the Company announced that its controlling shareholder, AVIC International Holdings Limited ("AIHL", listed on Hong Kong Stock Exchange, stock code: 00161), which directly holds 73.78% of the shareholding interest in the capital of the Company, has informed the Company that it is 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. Please refer to the Company's Update Announcement on this matter dated 21 February 2019.

11 Dividend

(a) Whether an interim (final) ordinary dividend has been declared (recommended)
None.

(b) Corresponding Period of the Immediately Preceding Financial Year
None.

(c) The date the Dividend is payable
Not applicable.

(d) Books closure date
Not applicable.

12 If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

No interim dividend has been declared or recommended for the quarter ended 31 December 2018. The Group has decided to retain its profits and cash in order to fund business operations.

13 Summary of Interested Person Transactions

	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
	(RMB'000) Note (A) and (B)	(RMB'000) Note (A)
1 Oct 2018 to 31 Dec 2018		
Transaction for Service fee income		
AVIC Weihai Shipyard Co., Ltd	-	3,865
AVIC Dingheng Shipbuilding Co., Ltd	-	6,901
Transaction for Financial service income		
AVIC Weihai Shipyard Co., Ltd	-	12,787
AVIC Dingheng Shipbuilding Co., Ltd	-	21,550
Transaction for Ship-designing fee income		
AVIC Weihai Shipyard Co., Ltd	-	6,213
AVIC Dingheng Shipbuilding Co., Ltd	-	334
Balance for Provision of financial assistance		
AVIC Weihai Shipyard Co., Ltd	-	884,000
AVIC Dingheng Shipbuilding Co., Ltd	-	1,426,942
Transaction for Deposit Service		
AVIC Finance Co., Ltd.	-	521,440
Transaction for Interest expense		
Catic International Finance Ltd	-	1,638
Transaction for Rental expense		
China National Aero-Technology Shanghai Co., Ltd	-	217
Transaction for Property management fee		
AVIC Property Management Co., Ltd.	-	452
Transaction for Other expense		
Beijing Fashion Rainbow Department Store Co., Ltd	-	27
Balance for Receipt of financial assistance		
Catic International Finance Ltd	-	177,468
AVIC International Holdings Corporation	-	800,306

Transaction for Corporate guarantee fee		
AVIC International Holdings Limited	-	4,171
AVIC International Holdings Corporation	-	2,949

1 Jan 2018 to 31 Dec 2018

Transaction for Service fee income		
AVIC Weihai Shipyard Co., Ltd	-	17,251
AVIC Dingheng Shipbuilding Co., Ltd	-	26,557
Transaction for Financial service income		
AVIC Weihai Shipyard Co., Ltd	-	50,731
AVIC Dingheng Shipbuilding Co., Ltd	-	74,491
Transaction for Ship-designing fee income		
AVIC Weihai Shipyard Co., Ltd	-	43,762
AVIC Dingheng Shipbuilding Co., Ltd	-	379
Balance for Provision of financial assistance		
AVIC Dingheng Shipbuilding Co., Ltd	-	884,000
AVIC Weihai Shipyard Co., Ltd	-	1,426,942
Transaction for Deposit Service		
AVIC Finance Co., Ltd.	-	605,040
Transaction for Interest expense		
Catic International Finance Ltd	-	1,638
AVIC International Holdings Limited	-	2,276
AVIC International Holdings Corporation	-	11,293
Transaction for Rental expense		
China National Aero-Technology Shanghai Co., Ltd	-	869
Transaction for Property management fee		
AVIC Property Management Co., Ltd.	-	1,375
Transaction for Other expense		
Beijing Fashion Rainbow Department Store Co., Ltd	-	114
Balance for Receipt of financial assistance		
Catic International Finance Ltd	-	177,468
AVIC International Holdings Corporation	-	800,277
Transaction for Corporate guarantee fee		
AVIC International Holdings Limited	-	4,171
AVIC International Holdings Corporation	-	2,949

1 Oct 2017 to 31 Dec 2017

Transaction for Service fee income		
AVIC Weihai Shipyard Co., Ltd	-	5,743
AVIC Dingheng Shipbuilding Co., Ltd	-	15,107
Transaction for Financial service income		
AVIC Weihai Shipyard Co., Ltd	-	7,655
AVIC Dingheng Shipbuilding Co., Ltd	-	3,044
Transaction for Interest expense		
Catic International Finance Ltd	-	101
Transaction for Rental expense		
China National Aero-Technology Shanghai Co., Ltd	-	254
Balance for Provision of financial assistance		
AVIC Dingheng Shipbuilding Co., Ltd	-	804,500
AVIC Weihai Shipyard Co., Ltd	-	956,114
Balance for Receipt of financial assistance		
Catic International Finance Ltd	-	27,016
Transaction for Corporate guarantee fee		
AVIC International Holdings Limited	-	2,034
AVIC International Holdings Corporation	-	1,768
Transaction for Ship-designing fee income		
AVIC Weihai Shipyard Co., Ltd	-	15,250
AVIC Dingheng Shipbuilding Co., Ltd	-	261
Transaction for Other expense		
Beijing Fashion Rainbow Department Store Co., Ltd	-	107
Grand Sktlight Hotel Management Co., Ltd	-	36
Transaction for Property management fee		
AVIC Property Management Co., Ltd	-	281
Xiamen AVIC Property Management Co., Ltd	-	12

1 Jan 2017 to 31 Dec 2017

Transaction for Service fee income		
AVIC Weihai Shipyard Co., Ltd	-	28,808
AVIC Dingheng Shipbuilding Co., Ltd	-	34,057
Transaction for Financial service income		
AVIC Weihai Shipyard Co., Ltd	-	28,067
AVIC Dingheng Shipbuilding Co., Ltd	-	29,174
Transaction for Interest expense		
Catic International Finance Ltd	-	101

Transaction for Rental expense		
Beijing Kaichangji Trading Development Co., Ltd	-	19
China National Aero-Technology Shanghai Co., Ltd	-	870
Transaction for Sales of good		
AVIC Dingheng Shipbuilding Co., Ltd	-	267
Balance for Provision of financial assistance		
AVIC Dingheng Shipbuilding Co., Ltd	-	1,181,500
AVIC Weihai Shipyard Co., Ltd	-	1,129,764
Balance for Receipt of financial assistance		
Catic International Finance Ltd	-	27,016
Transaction for Corporate guarantee fee		
AVIC International Holdings Limited	-	2,034
AVIC International Holdings Corporation	-	1,768
Transaction for Ship-designing fee income		
AVIC Weihai Shipyard Co., Ltd	-	50,278
AVIC Dingheng Shipbuilding Co., Ltd	-	1,871
Transaction for Other expense		
AVIC International Holdings Corporation	-	6
Beijing Fashion Rainbow Department Store Co., Ltd	-	107
Grand Sktlight Hotel Management Co., Ltd	-	36
Transaction for Property management fee		
AVIC Property Management Co., Ltd	-	1,222
Xiamen AVIC Property Management Co., Ltd	-	38

Note:

(A) The amounts of the transactions are before sales taxes and surcharges.

(B) The details of the interested person transactions under the shareholder's mandate are disclosed on pages 97 and 98 of the Information Memorandum which can be found via the Company website.

14 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Information regarding the Group's reportable segments is presented as below:

	Ship-design service	Shipbuilding construction service	Shipbuilding project management service	Project financing income	Vessels trading and leasing	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2018							
Sales							
Third parties	336,861	27,531	-	-	5,470	890	370,752
Related corporations	44,141	-	43,808	124,773	-	4,186	216,908
	381,002	27,531	43,808	124,773	5,470	5,076	587,660
Inter-segment sales	-	-	-	-	-	-	-
	381,002	27,531	43,808	124,773	5,470	5,076	587,660
Results							
Segment results	71,275	(8,306)	17,401	1,710	2,085	2,489	86,654
Other income							602
Marketing, distribution and administrative							(5,340)
Finance cost							(22,044)
Profit before income tax							59,872
Income tax expenses							(21,061)
Profit for the year							38,811
Assets							
Segment assets	380,569	25,942	17,021	2,210,912	162,246	302,135	3,098,825
Unallocated assets							7,957
Total assets							3,106,782
Liabilities							
Segment liabilities	155,937	23,929	39,129	1,876,230	136,404	64,396	2,296,025
Unallocated liabilities							558,056
Total liabilities							2,854,081
Other information							
Depreciation	2,709	118	188	536	-	88	3,639
Amortisation	6,280	-	-	-	-	-	6,280
Share of profit of associated companies	1,638	-	-	-	-	(1,092)	546
Impairment of inventories	-	-	-	-	(2,275)	-	(2,275)
Additions to property, plant and equipment	2,944	179	285	811		40	4,259
Additions to intangible assets	7,550	-	-	-	-	-	7,550

Information regarding the Group's reportable segments is presented as below (continued):

	Ship-design service	Shipbuilding construction service	Shipbuilding project management service	Project financing income	Vessels trading and leasing	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2017							
Sales							
Third parties	222,671	120,285	1,394	-	126,358	2,725	473,433
Related corporations	53,349	-	62,865	57,241	-	-	173,455
	276,020	120,285	64,259	57,241	126,358	2,725	646,888
Inter-segment sales	(1,200)	-	-	-	-	-	(1,200)
	274,820	120,285	64,259	57,241	126,358	2,725	645,688
Results							
Segment results	29,282	4,876	21,874	11,501	(13,058)	726	55,201
Foreign exchange gains/(losses)							15,220
Other income							848
Marketing, distribution and administrative							(9,423)
Finance cost							(19,646)
Profit before income tax							42,200
Income tax expenses							(15,685)
Profit for the year							26,515
Assets							
Segment assets	362,811	53,891	30,536	2,129,667	269,283	42,374	2,888,562
Unallocated assets							7,104
Total assets							2,895,666
Liabilities							
Segment liabilities	113,754	55,792	77,868	1,635,710	19,829	50,213	1,953,166
Unallocated liabilities							712,123
Total liabilities							2,665,289
Other information							
Depreciation	2,667	55	304	271	4	97	3,398
Amortisation	5,459	-	-	-	-	-	5,459
Write down in value of inventories	-	-	-	-	16,087		16,087
Share of profit of associated companies	1,638	-	-	-	-	-	1,638
Additions to property, plant and equipment	3,332	111	613	546	-	51	4,653
Additions to intangible assets	394	-	-	-	-	-	394

Geographical information

The Group generates revenue from customers located in geographical areas as follows:

	FY2018 (RMB'000)	FY2017 (RMB'000)
PRC	322,698	332,130
Germany	194,422	100,496
Finland	25,257	42,825
United States	5,454	18,546
Middle East	4,643	-
British Virgin Islands	-	75,373
Nigeria	-	43,698
Oman	-	7,287
Other countries	35,186	25,333
	587,660	645,688

Largest customers by each segment are detailed below:

	Ship-design service	Shipbuilding construction service	Shipbuilding project management service	Project financing income	Vessels trading and leasing	Others
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
2018						
Customer 1	157,165	-	-	-	-	-
Customer 2	33,451	-	17,251	50,284	-	1,252
Customer 3	-	-	26,557	74,489	-	653
Customer 4	42,594	-	-	-	-	-
Customer 5	35,660	-	-	-	-	-
Customer 6	-	27,531	-	-	-	-
Customer 7	22,894	-	-	-	-	-
	291,764	27,531	43,808	124,773	-	1,905
2017						
Customer 1	-	120,285	-	-	-	-
Customer 2	94,312	-	-	-	-	-
Customer 3	50,278	-	28,808	28,067	-	-
Customer 4	-	-		-	75,373	-
Customer 5	1,871	-	34,057	29,174	-	-
Customer 6	-	-	-	-	43,698	-
Customer 7	19,108	-	-	-	-	-
	165,569	120,285	62,865	57,241	119,071	-

15 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

See Paragraph 8 above.

16 A breakdown of sales as follows

		FY2018 (RMB'000)	FY2017 (RMB'000)	Change %
a)	Sales report for the first half	292,218	258,032	13
b)	Operating profit/(loss) after tax before deducting minority interest reported for first half	27,622	33,248	(17)
c)	Sales report for second half	295,442	387,656	(24)
d)	Operating profit/(loss) after tax before deducting minority interest reported for second half	11,189	(6,733)	N/M

17 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follow

	FY2018	FY2017
Ordinary	-	-
Preference	-	-
Total	-	-

18 Update on utilisation of Placement Proceeds

Based on the Placement Price of SGD0.285 and the 53,576,000 Placement Shares subscribed for, the net proceeds raised from the Placement are approximately SGD10.6 million (after deducting listing expenses approximately SGD4.7 million). The net proceeds were originally stated to be used for the purposes as set out on page 19 of the Offer Information Statement in the following proportion:

(i) Approximately SGD8.0 million to partly finance acquisition; and
(ii) The balance of approximately SGD2.6 million for our working capital purposes and any future acquisitions, joint ventures and strategic alliances.

As at 31 December 2018, the Group has revised the use of proceeds amounting to approximately SGD10.6 million for general working capital purpose, and any future acquisitions, joint ventures and strategic alliances, as set out in the Company's announcement dated 21 November 2014 on Change Of Use Of Compliance Placement Proceeds.

19 Confirmation that the issuer has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7H) under Rule 720(1)

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7H) pursuant to Rule 720(1) of the Catalist Rules.

20 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer.

Pursuant to Rule 704(10) of the Catalist Rules, the Board of Director of the Company would like to confirm that none of the persons occupying managerial positions in the Company or its principal subsidiaries are relatives of a Director or Chief Executive Officer or Substantial Shareholder of Company, for the financial year ended 31 December 2018.

On behalf of the Board of Directors
Dr Diao Weicheng
Executive Chairman
28 February 2019

This announcement 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 announcement.

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 announcement.

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