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

(Incorporated in Singapore on 11 November 2010)
(Registration Number: 201024137N)

RESPONSE TO SGX-ST'S QUERY ON UNAUDITED FINANCIAL STATEMENTS AND ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 31 MARCH 2014 ("1Q2104")

The Board of Directors ("**Board**") of AVIC International Maritime Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") would like to respond to the question raised by the SGX-ST on 22 May 2014 in relation to the Company's unaudited financial statements and announcement for 1Q2014 ("**1Q2014 Results Announcement**") as follows:

SGX-ST's Question:

The Company stated under Paragraph 9 of the its 1Q2014 results announcement that "the 1Q2014 results are in line with the general commentary stated in Paragraph 10 of our past Results Announcements and past announcements released by the Company". In view that the Company reported a pre-tax loss for 1Q2014 as compared to pre-tax profit for 4Q2013, please explain how the 1Q2014 results are in line with the general commentary disclosed previously. In addition, please explain why the Company did not deem it necessary to provide profit guidance for the 1Q2014 results.

Company's response:

As set out in Paragraph 9 of the 1Q2014 Results Announcement, the Company notes that no forecast has been made by the Company in its previous results announcements and the Company does not issue any guidance on earning expectations. Accordingly, the Company does not have an established practice of issuing profit warnings.

4Q2013 was an exceptionally good quarter in terms of overall revenue and profits. However, the decline in the Group's performance (in terms of gross profit) for 1Q2014 as compared to 1Q2013 has been explained in Paragraph 8 of the 1Q2014 Results Announcement as being a result of, amongst others, a decrease in the revenue and an unforeseen increase in the delivery cost for the construction of the five vessels which were completed during the period (Pages 10 – 12 of the 1Q2014 Results Announcement). We also tend to experience lower sales during the first quarter of each year due to the long holiday (Lunar New Year) and production breaks as most of our partner shipyards are located in the People's Republic of China.

Notwithstanding the above, as disclosed in Paragraph 10 of the Company's unaudited financial statement and announcement for the full year ended 31 December 2013 ("**FY2013 Results Announcement**"), and as in the Company's previous results announcements, the Group remains cautiously optimistic that the international shipping industry will recover eventually, and are preparing ourselves for the upturn. We note however that there is no certainty as to when such recovery will eventually happen. Although we are seeing increased interest for vessels and its related services, there is no certainty that negotiations will come to fruition or if they do, that such orders will be profitable for the Group.

In view of the above, shareholders and potential investors should exercise caution when dealing in the securities. If shareholders are in any doubt as to the action they should take, they should consult their stockbrokers, bank managers, solicitors or other professional advisors.

By Order of the Board

Dr Diao Weicheng
Executive Chairman

23 May 2014