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 2017

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 2017

	Fourth Quarter			Full Year		
	Group 1 Oct 17 to 31 Dec 17	**Group 1 Oct 16 to 31 Dec 16**	**Change**	**Group 1 Jan 17 to 31 Dec 17**	**Group 1 Jan 16 to 31 Dec 16**	**Change**
	(RMB'000)	(RMB'000)	%	(RMB'000)	(RMB'000)	%
Revenue	179,491	111,989	60	645,688	426,272	51
Cost of sales	(97,692)	(23,825)	310	(378,888)	(230,858)	64
Gross profit	81,799	88,164	(7)	266,800	195,414	37
Other income	3,227	3,436	(6)	14,947	7,073	111
Other gain/(losses) – net	1,067	(17,436)	N/M	15,530	(11,428)	N/M
Expenses						
- Distribution and marketing	(12,712)	(15,938)	(20)	(40,760)	(48,854)	(17)
- Administrative	(36,070)	(45,292)	(20)	(136,470)	(127,741)	7
- Finance	(21,935)	(9,993)	120	(56,029)	(23,325)	140
- Other	(22,861)	(2,177)	950	(23,456)	(4,972)	372
Share of (losses)/profits of associates	(209)	613	N/M	1,638	679	141
(Loss)/profit before income tax	(7,694)	1,377	N/M	42,200	(13,154)	N/M
Income tax expense	(1,535)	(9,658)	(84)	(15,685)	(13,898)	13
(Loss)/profit after tax	(9,229)	(8,281)	11	26,515	(27,052)	N/M
Other comprehensive loss:						
Items that may be reclassified subsequently to profit or loss:						
Share of other comprehensive income of associated companies	174	-	N/M	174	52	235
Currency translation differences arising from consolidation	3,305	3,931	(16)	5,763	(7,569)	N/M
Total comprehensive (loss)/income	(5,750)	(4,350)	32	32,452	(34,569)	N/M
(Loss)/profit attributable to:						
Owner of the Company	(6,132)	(12,768)	(52)	26,829	(28,575)	N/M
Non-controlling interests	(3,097)	4,487	N/M	(314)	1,523	N/M
(Loss)/profit after tax	(9,229)	(8,281)	11	26,515	(27,052)	N/M

	Fourth Quarter			Full Year		
	Group 1 Oct 17 to 31 Dec 17	Group 1 Oct 16 to 31 Dec 16	Change	Group 1 Jan 17 to 31 Dec 17	Group 1 Jan 16 to 31 Dec 16	Change
	(RMB'000)	(RMB'000)	%	(RMB'000)	(RMB'000)	%
Total comprehensive profit/(loss) attributable to:						
Owner of the Company	(2,185)	(8,157)	(73)	28,908	(38,453)	N/M
Non-controlling interests	(3,565)	3,807	N/M	3,544	3,884	(9)
Total comprehensive (loss)/income	(5,750)	(4,350)	32	32,452	(34,569)	N/M

1(a)(ii) Notes to the Consolidated Statement of Comprehensive Income for the Fourth Quarter and Full Year ended 31 December 2017

	Fourth Quarter			Full Year		
	Group 1 Oct 17 to 31 Dec 17	Group 1 Oct 16 to 31 Dec 16	Change	Group 1 Jan 17 to 31 Dec 17	Group 1 Jan 16 to 30 Dec 16	Change
	(RMB'000)	(RMB'000)	%	(RMB'000)	(RMB'000)	%
Amortisation of intangible assets	(1,368)	(1,316)	4	(5,459)	(5,206)	5
Depreciation of property, plant and equipment	(913)	(890)	3	(3,398)	(3,472)	(2)
Gain/(loss) on disposal of property, plant and equipment	(151)	-	N/M	107	(105)	N/M
Government grants	2,082	2,531	(18)	11,347	2,919	289
Interest expense on borrowings	(15,108)	(7,096)	113	(48,485)	(20,905)	132
Interest income	326	756	(57)	1,914	2,782	(31)
Net foreign exchange gain/(loss)	960	(17,436)	N/M	15,423	(11,323)	N/M
Property, plant and equipment written off	(67)	(6)	N/M	(238)	(188)	27
Rental expenses on operating leases	(3,447)	(4,721)	(27)	(17,331)	(17,463)	(1)
Allowance for doubtful debts for non-trade receivables	(3,868)	(1,120)	245	(42)	(3,424)	(99)
Allowance for doubtful debts on trade receivables	(2,827)	206	N/M	(7,077)	206	N/M
Bad trade debts written off	-	(862)	N/M	-	(1,176)	N/M
Impairment charge on inventories	(16,087)	-	N/M	(16,087)	-	N/M

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 2017

	Group		Company	
	31 Dec 2017 (RMB'000)	**31 Dec 2016** (RMB'000)	**31 Dec 2017** (RMB'000)	**31 Dec 2016** (RMB'000)
ASSETS				
Current assets				
Cash and cash equivalents	135,024	184,778	4,373	24,479
Fixed deposits	-	310,406	-	-
Cash pledged with bank	25,555	91,553	-	-
Trade and other receivables	2,342,204	862,932	387	28,311
Due from subsidiaries	-	-	25,221	76,495
Finance lease receivables	14,411	13,832	-	-
Inventories	139,885	278,962	-	-
	2,657,079	**1,742,463**	**29,981**	**129,285**
Non-current assets				
Trade and other receivables	-	11,167	-	11,198
Finance lease receivables	34,136	50,551	-	-
Investment in associated companies	5,371	2,504	-	-
Investment in subsidiaries	-	-	585,093	575,124
Property, plant and equipment	8,381	7,006	106	136
Intangible assets (Note A)	74,917	75,021	-	-
Goodwill	114,049	106,796	-	-
Available-for-sale financial assets	12	11	-	-
Deferred tax assets	1,721	1,545	-	-
	238,587	**254,601**	**585,199**	**586,458**
Total assets	**2,895,666**	**1,997,064**	**615,180**	**715,743**
LIABILITIES				
Current liabilities				
Trade and other payables	313,162	563,831	55,845	118,924
Due to immediate holding corporation	2,789	-	-	-
Due to subsidiaries (non-trade)	-	-	234,811	283,934
Borrowings	1,918,705	703,520	195,324	215,996
Finance lease liabilities	953	1,042	-	-
Current income tax liabilities	18,538	19,241	-	-
	2,254,147	**1,287,634**	**485,980**	**618,854**

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 2017 (RMB'000)	31 Dec 2016 (RMB'000)	31 Dec 2017 (RMB'000)	31 Dec 2016 (RMB'000)
Non-current liabilities				
Borrowings	395,033	492,240	-	-
Finance lease liabilities	553	755	-	-
Deferred tax liabilities	15,556	16,928	-	-
Due to subsidiaries (non-trade)	-	-	9,488	8,767
	411,142	**509,923**	**9,488**	**8,767**
Total liabilities	**2,665,289**	**1,797,557**	**495,468**	**627,621**
Net assets	**230,377**	**199,507**	**119,712**	**88,122**
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	19,895	16,712	-	-
Currency translation reserve	(6,130)	(8,209)	(1,810)	(3,277)
Retained profits/(accumulated losses)	41,666	18,020	9,856	(20,267)
	164,948	**136,040**	**119,712**	**88,122**
Non-controlling interests	**65,429**	**63,467**	**-**	**-**
Total equity	**230,377**	**199,507**	**119,712**	**88,122**

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

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

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

As at 31 Dec 2016	
Secured (RMB'000)	Unsecured (RMB'000)
1,042	703,520

(B) Amount repayable after one year

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

As at 31 Dec 2016	
Secured (RMB'000)	Unsecured (RMB'000)
755	492,240

(C) Details of any collaterals

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

USD13,452,000 (equivalent to approximately RMB87,898,000) of the loans from non-controlling interests and related 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 2017

	Fourth Quarter		Full Year	
	Group	Group	Group	Group
	1 Oct 17 to 31 Dec 17 (RMB'000)	1 Oct 16 to 31 Dec 16 (RMB'000)	1 Jan 17 to 31 Dec 17 (RMB'000)	1 Jan 16 to 31 Dec 16 (RMB'000)
Cash flow from operating activities				
(Loss)/profit before income tax	(7,694)	1,377	42,200	(13,154)
Adjustments for:				
Amortisation of intangible assets	1,368	1,316	5,459	5,206
Depreciation of property, plant and equipment	913	890	3,398	3,472
(Gain)/loss on disposal of property, plant and equipment	151	-	(107)	105
Interest expenses	15,108	7,096	48,485	20,905
Interest income	(326)	(756)	(1,914)	(2,782)
Property, plant and equipment written off	67	6	238	188
Allowance for doubtful debts on non-trade receivables	3,868	1,120	42	3,424
Allowance for doubtful debts on trade receivables	2,827	(206)	7,077	(206)
Bad trade debts written off	-	862	-	1,176
Impairment charge on inventories	16,087	-	16,087	-
Share of losses/(profits) of associates	209	(613)	(1,638)	(679)
Unrealised currency translation gains/(losses)	225	10,142	(17,886)	3,325
	32,803	21,234	101,441	20,980
Change in working capital:				
Inventories	41,700	3,064	122,990	28,828
Trade and other receivables	(683,130)	(163,317)	(1,475,224)	(581,975)
Trade and other payables	(211,167)	78,252	(269,237)	372,032
Cash used in operations	(819,794)	(60,767)	(1,520,030)	(160,135)
Interest received	(76)	382	1,512	1,887
Income tax paid	(3,611)	(4,955)	(19,663)	(11,069)
Net cash used in operating activities	**(823,481)**	**(65,340)**	**(1,538,181)**	**(169,317)**
Cash flow from investing activities				
Additions to property, plant and equipment (Note B)	(2,706)	(627)	(3,760)	(1,350)
Additions to intangible assets	(170)	(73)	(394)	(1,064)
Proceeds on disposal of property, plant and equipment	(151)	-	107	696
Net cash used in investing activities	**(3,027)**	**(700)**	**(4,047)**	**(1,718)**

	Fourth Quarter		Full Year	
	Group	Group	Group	Group
	1 Oct 17 to 31 Dec 17 (RMB'000)	1 Oct 16 to 31 Dec 16 (RMB'000)	1 Oct 17 to 31 Dec 17 (RMB'000)	1 Oct 16 to 31 Dec 16 (RMB'000)
Cash flow from financing activities				
Dividends paid to non-controlling interests	-	-	(1,539)	-
Interest paid	(19,642)	(6,956)	(42,944)	(18,815)
(Increase)/decrease in cash pledged with bank	6,306	(8,369)	65,998	(52,152)
Proceeds from related parties' loan	-	-	-	21,926
Proceeds from non-controlling interests' loan	-	-	-	54,874
Proceeds from borrowings	1,513,498	253,325	2,051,991	586,850
Proceeds from finance leases	(1,427)	304	13,439	304
Repayment of related parties' loan	-	(2,698)	-	(5,864)
Repayment of finance lease liabilities	(155)	(343)	(893)	(1,270)
Repayment of borrowings	(758,038)	(94,710)	(909,456)	(251,168)
Net cash provided by financing activities	740,542	140,553	1,176,596	334,685
Net (decrease)/increase in cash and cash equivalents	(85,966)	74,513	(365,632)	163,650
Cash and cash equivalents				
Beginning of financial year	221,797	415,785	495,184	316,963
Effect of currency translation on cash and cash equivalents	(807)	4,886	5,472	14,571
Cash and cash equivalents at end of the financial period	**135,024**	**495,184**	**135,024**	**495,184**

Note B: Purchase of plant and equipment

During 4Q2017, the Group acquired property, plant and equipment with an aggregate cost of RMB1,664,000 (4Q2016: RMB1,075,000) of which RMB165,000 (4Q2016: RMB448,000) was acquired by means of finance leases. Cash payments amounting to RMB1,503,000 (4Q2016: RMB627,000) were made to purchase property, plant and equipment.

During the financial year ended 31 December 2017, the Group acquired property, plant and equipment with an aggregate cost of RMB4,478,000 (FY2016: RMB2,595,000) of which RMB 893,000 (FY2016: RMB1,246,000) was acquired by means of finance leases. Cash payments amounting to RMB2,595,000 (FY2016: RMB1,350,000) 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 2017	**101,237**	**11,944**	**(3,664)**	**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)**
Others	-	-	-	-	-	-	-	-	-
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**

	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 2016	**101,237**	**11,944**	**(3,664)**	**14,735**	**1,669**	**48,572**	**174,493**	**62,352**	**236,845**
Loss for the period	-	-	-	-	-	(15,807)	(15,807)	(2,964)	(18,771)
Other comprehensive (loss)/income	-	-	-	-	(14,489)	-	(14,489)	3,041	(11,448)
Total comprehensive (loss)/income for the period	**-**	**-**	**-**	**-**	**(14,489)**	**(15,807)**	**(30,296)**	**77**	**(30,219)**
Balance at 30 Sep 2016	**101,237**	**11,944**	**(3,664)**	**14,735**	**(12,820)**	**32,765**	**144,197**	**62,429**	**206,626**
Loss for the period	-	-	-	-	-	(12,768)	(12,768)	4,487	(8,281)
Other comprehensive income/(loss)	-	-	-	-	4,611	-	4,611	(680)	3,931
Transfer to statutory reserve	-	-	-	1,977	-	(1,977)	-	-	**-**
Total comprehensive income /(loss) for the period	**-**	**-**	**-**	**1,977**	**4,611**	**(14,745)**	**(8,157)**	**3,807**	**(4,350)**
Distributions to non-controlling interests on liquidation of subsidiaries	-	-	-	-	-	-	-	(2,769)	(2,769)
Total transactions with owners, recognised directly in equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(2,769)**	**(2,769)**
Balance at 31 Dec 2016	**101,237**	**11,944**	**(3,664)**	**16,712**	**(8,209)**	**18,020**	**136,040**	**63,467**	**199,507**

Statement of Changes in Equity

	Share capital	Capital reserve	Currency translation reserve	Retained profits/ (accumulated losses)	Total equity
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
The Company					
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**
The Company					
Balance at 1 Jan 2016	**101,237**	**10,429**	**(4,654)**	**(74,141)**	**32,871**
Profit for the period	-	-	-	42,286	42,286
Other comprehensive income	-	-	2,922	-	2,922
Total comprehensive income for the period	-	-	2,922	42,286	45,208
Balance at 30 Sep 2016	**101,237**	**10,429**	**(1,732)**	**(31,855)**	**78,079**
Profit for the period	-	-	-	11,588	11,588
Other comprehensive loss	-	-	(1,545)	-	(1,545)
Total comprehensive (loss)/income for the period	-	-	(1,545)	11,588	10,043
Balance at 31 Dec 2016	**101,237**	**10,429**	**(3,277)**	**(20,267)**	**88,122**

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, as well as the number of shares held as treasury shares, 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.

There were no changes to the issued share capital of the Company since 31 December 2016. As at 31 December 2017, 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 2017 (31 December 2016: 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 2016 and 31 December 2017, 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 2017 (31 December 2016: Nil). There was no sale, transfer, disposal, cancellation and/or use of treasury shares as at 31 December 2017.

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.

There were no changes in accounting policies and methods of computation adopted in the financial statements for the current reporting period as compared to the most recent audited financial statements for the financial year ended 31 December 2016.

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.

There were no changes noted. See 4 above.

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 2017 to 31 Dec 2017	1 Oct 2016 to 31 Dec 2016	1 Jan 2017 to 31 Dec 2017	1 Jan 2016 to 31 Dec 2016
Earnings per ordinary share attributable to owners of the Company				
(a) Based on the weighted average number of ordinary shares in issue (RMB cents)	(2.15)	(4.47)	9.39	(10.01)
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)	(2.15)	(4.47)	9.39	(10.01)
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 2017 and 2016 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 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
Net asset value per share based on issued share capital (RMB cents)	57.76	47.64	41.92	30.86
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 17 to 31 Dec 17**		**1 Oct 16 to 31 Dec 16**		**1 Jan 17 to 31 Dec 17**		**1 Jan 16 to 31 Dec 16**	
	(RMB'000)	%	(RMB'000)	%	(RMB'000)	%	(RMB'000)	%
Revenue by type of services:								
Ship-design service	80,605	44.90	59,340	53.00	274,820	42.60	184,774	43.30
Shipbuilding project services								
-project management	20,784	11.60	42,817	38.20	64,259	10.00	89,123	20.90
-project financing	10,939	6.10	-	-	57,241	8.90	-	-
Shipbuilding construction service	20,718	11.50	132	0.10	120,285	18.60	55,211	13.00
Sale of vessels	42,770	23.80	766	0.70	119,071	18.40	79,729	18.70
Finance lease income	1,779	1.00	2,070	1.80	7,287	1.10	4,030	0.90
Others	1,896	1.10	6,864	6.20	2,725	0.40	13,405	3.20
Total revenue	179,491	100.00	111,989	100.00	645,688	100.00	426,272	100.00

Consolidated Statement of Comprehensive Income

Revenue

In 4Q2017, the Group's revenue was generated mainly from its ship-design service, sale of vessels, shipbuilding construction service and shipbuilding project management and financing services. The Group's revenue increased by RMB67.5 million or 60% to RMB179.5 million in 4Q2017 compared with 4Q2016. The increase was mainly due to: (1) Shipbuilding construction service revenue increasing by RMB20.6 million to RMB20.7 million due to a new shipbuilding contract for four vessels that commenced during the year; (2) Ship-design service revenue increasing by RMB21.3 million to RMB80.6 million; (3) Shipbuilding project financing income amounting to RMB10.9 million arising from provision of financing to related party shipyards for the construction of vessels; there was no such income in corresponding period of last year; and (4) Sale of vessels revenue amounting to RMB42.8 million in 4Q2017 compared to RMB0.8 million revenue recognized in 4Q2016.

The revenue increased 51% to RMB645.7million in FY2017 compared to FY2016, mainly attributed to increase in revenues from ship-design, shipbuilding project financing and shipbuilding construction service, and partially offset by decrease in shipbuilding project management service income.

Cost of sales and gross profit

Cost of sales increased RMB73.9 million or 310% to RMB97.7 million in 4Q2017, attributed mainly to the newly commenced shipbuilding contract. Gross profit decreased 7% to RMB81.8 million in 4Q2017. Revenue from sale of vessels, which increased by RMB42 million during 4Q2017, did not contribute significantly to gross profit.

For FY2017, gross profit increased 37% to RMB266.8 million and this was mainly due to contribution from the ship-design service as well as the revenue stream from shipbuilding project financing services. Gross profit margin was 41% in FY2017 compared to 46% in FY2016.

Other income

Other income consisted mainly of interest income and government grants. Other income registered a 6% decrease to RMB3.2 million in 4Q2017.

Other gains/(losses) - net

Other gains in 4Q2017 amounted to RMB1.2 million, compared to a loss of RMB17.4 million in 4Q2016, attributed mainly to foreign exchange gains arising from receivables denominated in SGD which had strengthened against the USD.

For FY2017, other gains amounted to RMB15.7 million, compared to a loss of RMB11.4 million in FY2016, due to the same reason stated above for 4Q2017.

Distribution and marketing expenses

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

Distribution and marketing expenses decreased RMB3.2 million, or 20%, due mainly to reclassification of certain staff expenses to administrative expenses.

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 decreased RMB9.2 million or 20% to RMB36.1 million in 4Q2017. The decrease was mainly due to cost control measures taken.

For FY2017, however, administrative expenses increased by RMB8.7 million or 7% mainly due to reclassification of certain staff expenses as research and development expenses.

The depreciation charge for plant and equipment amounted to RMB0.9 million in 4Q2017. Amortisation of intangible assets amounted to RMB1.4 million in 4Q2017, mainly arising from the amortisation of software, technical knowhow and brand name from Deltamarin Group.

Finance expenses

Finance expenses increased RMB11.9 million or 120% to RMB21.9 million in 4Q2017, 140% to RMB56.0 million in FY2017 due to increased borrowings.

Other expenses

Other expenses increased from RMB2.2 million in 4Q2016 to RMB22.9 million in 4Q2017. The increase was attributed mainly to allowance for doubtful debts, and an impairment charge on vessels held on inventory amounting to RMB16.1 million.

Share of (losses)/profit of associates

The share of loss from associates in 4Q2017 amounted to RMB0.2 million compared to a profit of RMB0.6 million in 4Q2016. In FY2017, the Group recorded a share of profit of associates RMB1.6 million compared to a profit of RMB0.6 million in FY2016.

Income tax expense

The operating subsidiaries in China and Finland are subject to income tax rates of 25% and 20% respectively. Income tax expense decreased RMB8.1 million to RMB1.5 million in 4Q2017, mainly due to the balance of distribution of the profit and loss from Group's different business segments being allocated in different countries.

Profit/(loss) for the period

After taking into account income tax expense and non-controlling interests, net loss attributable to shareholders for 4Q2017 was RMB6.1 million, as compared to net loss of RMB12.8 million in 4Q2016. In FY2017, net profit attributable to shareholders was RMB26.8 million, compared to net loss of RMB28.6 million in FY2016.

Statement of Financial Position

Current assets

As at 31 December 2017, the Group's cash and cash equivalents amounted to RMB135.0 million, representing a decrease of RMB49.8 million from RMB184.8 million as at 31 December 2016. As at 31 December 2017, all of the Group's fixed deposits had matured and were not renewed. Cash pledged

with bank decreased RMB66.0 million to RMB25.6 million as at 31 December 2017 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 RMB1,479.3 million to RMB2,342.2 million as at 31 December 2017, mainly due to an increased amount of RMB1,581.2 million receivables arising from shipbuilding project financing provided to related party shipyards, partially offset by decrease in receivables from others.

Finance lease receivables, amounting to RMB14.4 million as at 31 December 2017, arose from the sale of tug boats under a finance lease agreement.

Non-current assets

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

Investment in associated companies represented the total amount of investment in non-controlling entities held by the Deltamarin Group.

Available-for-sale financial assets represented investment shares held by the Deltamarin Group.

Intangible assets comprised software licenses, brand name and technical knowhow. Intangible assets amounted to RMB74.9 million as at 31 December 2017, a decrease of RMB0.1 million from FY2017. The decrease was due to amortisation, partially offset by a translation gain arising from the appreciation of Euro against the RMB.

The Group's goodwill had arisen from the acquisition of the Deltamarin Group in FY2013. The goodwill amounted to RMB114.0 million as at 31 December 2017, RMB7.2 million higher than the RMB106.8 million as at 31 December 2016. The increase was due to a translation gain arising from the appreciation of Euro against the RMB.

Deferred tax assets represented 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 RMB16.4 million to RMB34.1 million as at 31 December 2017 as a result of payment from the buyer of tug boats which were sold under a finance lease agreement.

Current liabilities

Short-term loan and current portion of long-term loan represented that portion of the loans raised which were repayable within 12 months as at 31 December 2017. Short-term loans totalled RMB1,918.7 million due to reclassification of long term loans to short term loans, and further bank loans obtained to finance working capital requirements.

Trade and other payables comprised mainly amount payable in business, advance receipts from ship owners, accruals and interest payables. Trade and other payables amounted to RMB313.2 million as at 31 December 2017 compared to RM563.8 million as at 31 December 2016. The decrease was mainly attributed to and the release of advance receipts from ship owners and decrease in amount due to related parties, both arising from the shipbuilding management services business.

Income tax payable decreased by RMB0.7 million from RMB19.2 million to RMB18.5 million as at 31 December 2017.

Non-current liabilities

Long-term loan decreased by RMB97.2 million to RMB395.0 million as at 31 December 2017.

Deferred tax liabilities represented 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 2017 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 4Q2017.

Consolidated cash flow statements

Net cash outflow from operating activities in 4Q2017 was RMB823.5 million compared to net cash outflow of RMB65.3 million in the corresponding quarter last year. The increased cash outflow was due to increase in deployment of working capital in shipbuilding project financing business.

In 4Q2017, net cash inflow from financing activities amounted to RMB740.5 million, compared to net cash inflow of RMB140.6 million in 4Q2016 and this was mainly due to increase in proceeds from borrowings to finance the increased shipbuilding project financing business.

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.

The shipbuilding market started to recover gradually in 2017, after reaching a trough in 2016. The gradual recovery in global economy and international trade has helped to improve demands for shipping and shipbuilding services. Global new shipbuilding orders increased by 78.3% to 23.2 million CGT in 2017 compared to 2016. Overall, the business environment for shipbuilding industry has become more favourable, and the recovery for certain vessel categories, such as dry bulkers and tankers, was more evident.

In China, the ongoing consolidation in the shipbuilding industry will benefit companies with strong competitive edges. The Group will continue to implement its strategy to build up the capabilities in niche segments and specialized, high-tech and high value-added vessels, where demand is more resilient. In order to cope with the International Maritime Organization's emission rules and the increasing demand for clean energy vessels, the Group will focus on enhancing R&D capabilities and introducing innovative products. It will also continue to optimize the management, operational and cost structures for efficiency improvement.

As of January 2018, AVIC Dingheng, a related company shipyard in the AVIC Group, had an outstanding order book of 21 chemical tanker vessels having an aggregate 349,085 DWT under construction. The shipyard was ranked No.1 in the world for construction for small-size chemical tankers[1](30,000 tonne or less). AVIC Weihai, another related company shipyard in the AVIC Group, had an outstanding order book of 13 vessels having an aggregate 347,104 DWT under construction.

Deltamarin, the Group's established ship-design arm, has continued to strengthen its leading position in the design of high-tech and green vessels in the world. The world's first LNG-powered handysize bulker that Deltamarin designed was ranked No.5 in Great Ships 2017 List by Maritime Reporter & Engineering News[2]. In July 2017, Deltamarin entered into contracts with Xiamen Shipbuilding Industry Co., Ltd in China to provide basic and detailed design, engineering and construction support services for a ro-pax vessel to be built for a renowned Finnish customer. Together with the largest mega passenger vessel design contract received in 2016, Deltamarin will see high capacity utilization in 2018.

11 Dividend

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

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

[1] As of January 2018, Shipyard Order Book Monitor, Clarksons Research

[2] https://magazines.marinelink.com/nwm/MaritimeReporter/201712/#page/32

(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.

No interim dividend has been declared or recommended for the quarter ended 31 December 2017.

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)	(RMB'000)
	Note (A) and (B)	Note (A)
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

1 Oct 2016 to 31 Dec 2016

Transaction for Service fee income		
AVIC Weihai Shipyard Co., Ltd	-	12,844
AVIC Dingheng Shipbuilding Co., Ltd	-	6,576
Transaction for Financial service income		
AVIC Weihai Shipyard Co., Ltd	-	1,303
AVIC Dingheng Shipbuilding Co., Ltd	-	17,881
Transaction for Sales of good		
AVIC Dingheng Shipbuilding Co., Ltd	-	1,606
Transaction for Shipbuilding contract cost		
AVIC Weihai Shipyard Co., Ltd	-	352
Transaction for Shipbuilding contract income		
CATIC Beijing Co., Ltd	-	879
Transaction for Rental expense		
AVIC International Kairong Limited	-	89
Transaction for Ship-designing fee income		
AVIC Weihai Shipyard Co., Ltd	-	25,792
AVIC Dingheng Shipbuilding Co., Ltd	-	437
Transaction for Property management fees		
AVIC Property Management Co., Ltd	-	120
Transaction for Project consultancy income		
AVIC Weihai Shipyard Co., Ltd	-	8,548
Transaction for Corporate guarantee fees		
AVIC International Holding Ltd	-	2,244
AVIC International Holding Corporation	-	564
Balance for Provision of financial assistance		
AVIC Dingheng Shipbuilding Co., Ltd	-	99,931
AVIC Weihai Shipyard Co., Ltd	-	102,000

1 Jan 2016 to 31 Dec 2016

Transaction for Management fee income		
AVIC Dingheng Shipbuilding Co., Ltd	-	100
Transaction for Service fee income		
AVIC Weihai Shipyard Co., Ltd	-	35,568
AVIC Dingheng Shipbuilding Co., Ltd	-	23,377
Transaction for Financial service income		
AVIC Dingheng Shipbuilding Co., Ltd	-	19,768
AVIC Weihai Shipyard Co., Ltd	-	1,303
Transaction for Sales of good		
AVIC Dingheng Shipbuilding Co., Ltd	-	2,139
Transaction for Shipbuilding contract cost		
AVIC Weihai Shipyard Co., Ltd	-	37,185

Transaction for Shipbuilding contract income		
CATIC Beijing Co., Ltd	-	55,211
Transaction for Rental expense		
AVIC International Kairong Limited	-	544
Transaction for Ship-designing fee income		
AVIC Weihai Shipyard Co., Ltd	-	38,690
AVIC Dingheng Shipbuilding Co., Ltd	-	437
Transaction for Property management fees		
AVIC Property Management Co., Ltd	-	1,042
Transaction for Project consultancy income		
AVIC Weihai Shipyard Co., Ltd	-	8,548
Transaction for Corporate guarantee fees		
AVIC International Holding Ltd	-	2,244
AVIC International Holding Corporation	-	564
Balance for Provision of financial assistance		
AVIC Dingheng Shipbuilding Co., Ltd	-	346,757
AVIC Weihai Shipyard Co., Ltd	-	154,000

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 RMB'000	Shipbuilding construction service RMB'000	Shipbuilding project management service RMB'000	Project financing income RMB'000	Vessels trading and leasing RMB'000	Others RMB'000	Total RMB'000
2017							
Sales							
Third parties	222,672	120,285	1,394	-	126,358	2,724	473,433
Related corporations	53,349	-	62,865	57,241	-	-	173,455
	276,021	120,285	64,259	57,241	126,358	2,724	646,888
Inter-segment sales	(1,200)	-	-	-	-	-	(1,200)
	274,821	120,285	64,259	57,241	126,358	2,724	645,688
Results							
Segment results	29,282	4,876	21,874	11,501	(13,058)	15,946	70,421
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
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

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

	Ship-design service RMB'000	Shipbuilding construction service RMB'000	Shipbuilding project management service RMB'000	Vessels trading and leasing RMB'000	Others RMB'000	Total RMB'000
2016						
Sales						
Third parties	145,647	-	9,107	83,759	2,618	241,131
Related corporations	44,080	55,211	80,016	-	10,787	190,094
	189,727	55,211	89,123	83,759	13,405	431,225
Inter-segment sales	(4,953)	-	-	-	-	(4,953)
	184,774	55,211	89,123	83,759	13,405	426,272
Results						
Segment results	2,344	3,888	25,259	(1,519)	2,545	32,517
Other income						2,194
Marketing, distribution and administrative						(30,544)
Finance cost						(17,321)
Loss before income tax						(13,154)
Income tax expenses						(13,898)
Loss for the year						(27,052)
Assets						
Segment assets	335,767	35,573	1,133,045	389,375	99,244	1,993,004
Unallocated assets						4,060
Total assets						1,997,064
Liabilities						
Segment liabilities	86,000	42,103	288,242	76,950	72,333	565,628
Unallocated liabilities						1,231,929
Total liabilities						1,797,557
Other information						
Depreciation	2,682	103	559	69	59	3,472
Amortisation	5,206	-	-	-	-	5,206
Share of profit of associated companies	679	-	-	-	-	679
Additions to property, plant and equipment	1,743	161	673	-	18	2,595
Additions to intangible assets	1,064	-	-	-	-	1,064

Geographical information

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

	FY2017 (RMB'000)	FY2016 (RMB'000)
PRC	332,130	224,273
Germany	100,496	20,191
British Virgin Islands	75,373	-
Nigeria	43,698	-
Finland	42,825	49,462
United States	18,546	24,620
Oman	7,287	83,759
Other countries	25,333	23,967
	645,688	426,272

Largest customers by each segment are detailed below:

	Ship-design service (RMB'000)	Shipbuilding construction service (RMB'000)	Shipbuilding project management service (RMB'000)	Project financing income (RMB'000)	Vessels trading and leasing (RMB'000)	Others (RMB'000)
2017						
Customer 1	-	120,285	-	-	-	-
Customer 2	94,312	-	-	-	-	-
Customer 3	29,184	-	28,808	28,067	-	-
Customer 4	-	-		-	75,373	-
Customer 5	-	-	34,057	29,174	-	-
Customer 6	-	-	-	-	43,698	-
Customer 7	19,108	-	-	-	-	-
	142,604	120,285	62,865	57,241	119,071	-
2016						
Customer 1	38,691	-	36,872	-	-	8,548
Customer 2	437	-	42,777	-	-	2,240
Customer 3	-	-	-	-	83,759	-
Customer 4	-	55,211	-	-	-	-
Customer 5	25,618	-	-	-	-	-
Customer 6	19,162	-	-	-	-	-
Customer 7	15,994	-	-	-	-	-
	99,902	55,211	79,649	-	83,759	10,788

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

		FY2017 (RMB'000)	FY2016 (RMB'000)	Change %
a)	Sales report for the first half	258,032	164,782	57
b)	Operating profit/(loss) after tax before deducting minority interest reported for first half	33,248	(10,200)	N/M
c)	Sales report for second half	387,656	261,490	48
d)	Operating profit/(loss) after tax before deducting minority interest reported for second half	(6,733)	(16,852)	(60)

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

	FY2017	FY2016
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 2017, the Group had 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 2017.

On behalf of the Board of Directors
Dr Diao Weicheng
Executive Chairman
28 February 2018

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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