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'S QUERY ON UNAUDITED FINANCIAL STATEMENTS AND ANNOUNCEMENT FOR THE FIRST QUARTER AND PERIOD ENDED 31 MARCH 2015 ("1Q2015")

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 questions raised by the SGX-ST on 28 May 2015 in relation to the Company's unaudited financial statements and announcement 1Q2015 ("**1Q2015 Results Announcement**") which was announced on 15 May 2015.

SGX-ST's Question:

In relation to the Company's 1Q2015 Results Announcement, please explain the reason(s) for the increase in Trade and Other receivables by approximately 96.6% from RMB142,397,000 as at 31 March 2014 to RMB279,956,000 as at 31 March 2015 while revenue increased by approximately 32.7% during the same period. Please also disclose whether the Company foresees any issue with the collectability of these debts.

Company's response:

The main reasons for the increase in the Trade and Other Receivables as compared to the corresponding period in FY2014 are as follows:

(1) An increase in the Trade Receivables of approximately **RMB63.29 million** was mainly attributable to:

   (a) **RMB53.59 million** in advance payment made in favour of a shipyard pursuant to a shipbuilding construction contract in accordance with the payment terms in the shipbuilding sub-contract entered into with the shipyard. The Group has received the corresponding payment ("**Corresponding Payment**") from the ship-owner in relation to the same project pursuant to a separate contract entered into by the Group and the said ship-owner, and part of the Corresponding Payment was used to fund the payment to the shipyard.

(2) An increase of approximately **RMB74.27 million** in the Other Receivables was mainly attributable to:

   (a) **RMB23.10 million** in prepayments for vessels under construction at shipyards;

   (b) **RMB10.17 million** to be refunded from a shipyard in relation to a cancellation of shipbuilding contract; and

   (c) **RMB30.20 million** was the deposit paid by the Group on behalf of a shipyard in relation to the purchase of ship-building materials which would be reimbursed by the shipyards subsequently.

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(d) tax receivables amounting to **RMB6.14 million** receivable for export of vessels which had been delivered to the ship owner.

In view of the above, as at the date of this announcement, the Company does not foresee any issue with the collectability of the Trade and Other Receivables.

By Order of the Board

Dr Diao Weicheng
Executive Chairman
29 May 2015