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# 中航國際控股股份有限公司

## AVIC INTERNATIONAL HOLDINGS LIMITED

*(formerly known as CATIC Shenzhen Holdings Limited (深圳中航集團股份有限公司))*  
*(a joint stock company incorporated in the People's Republic of China with limited liability)*  
**(Stock Code: 00161)**

### OVERSEAS REGULATORY ANNOUNCEMENT

The document attached hereof is the announcement of AVIC International Maritime Holdings Limited (formerly known as AVIC International Investments Limited) (“AIMHL”) in relation to the 2019 Third Quarterly Report posted on the website of Singapore Exchange Securities Trading Limited by AIMHL. AIMHL is a subsidiary of AVIC International Holdings Limited (the “Company”).

#### TAKEOVERS CODE IMPLICATIONS

Pursuant to Rule 10 of the Takeovers Code, the 2019 Third Quarterly Report of AIMHL contain unaudited profit figures (“**Unaudited Profit Figures**”) of the Group which are required to be reported on by both the Company’s financial advisers and auditors or consultant accountants in accordance with the requirements set out in Rule 10.9 of the Takeovers Code. However, pursuant to Practice Note 2 issued by the Executive, such Unaudited Profit Figures are exempted from compliance with Rule 10.9 since AIMHL is listed on the Singapore Exchange Securities Trading Limited and such Unaudited Profit Figures are published in accordance with the listing rules of the Singapore Exchange Securities Trading Limited, Singapore laws and regulations and the requirements of the Singapore Exchange Securities Trading Limited.

**Shareholders and investors of the Company should note that the Unaudited Profit Figures do not meet the standard required by Rule 10 of the Takeovers Code. Shareholders and investors of the Company are advised to exercise caution in 2 placing reliance on the Unaudited Profit Figures and when dealing in the shares of the Company and in assessing the merits and demerits of the H Share Offer and the proposed merger. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional adviser.**

By Order of the Board  
**AVIC International Holdings Limited**  
**Liu Hong De**  
*Chairman*

Shenzhen, the People’s Republic of China, 8 November 2019

*As at the date of this announcement, the board of directors of the Company comprises a total of 9 directors, Mr. Liu Hong De, Mr. Lai Wei Xuan, Mr. You Lei, Mr. Liu Jun, Mr. Fu Fang Xing and Mr. Chen Hong Liang as executive directors; and Ms. Wong Wai Ling, Mr. Wu Wei and Mr. Wei Wei as independent non-executive directors.*



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

(Company Registration No. 201024137N)

**UNAUDITED FINANCIAL STATEMENTS AND ANNOUNCEMENT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019**

**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 Third Quarter and Nine Months ended 30 September 2019**

	Third Quarter			Nine Months		
	Group 1 Jul 19 to 30 Sep 19 (RMB'000)	Group 1 Jul 18 to 30 Sep 18 (RMB'000)	Change %	Group 1 Jan 19 to 30 Sep 19 (RMB'000)	Group 1 Jan 18 to 30 Sep 18 (RMB'000)	Change %
Revenue	132,196	134,829	(2)	393,991	427,047	(8)
Cost of sales	(42,842)	(54,423)	(21)	(144,056)	(179,418)	(20)
Gross profit	89,354	80,406	11	249,935	247,629	1
Other income	1,733	4,265	(59)	3,265	9,057	(64)
Other (losses)/gains – net	(2,212)	649	N/M	7,578	(1,332)	N/M
Expenses						
- Distribution and marketing	(8,437)	(12,285)	(31)	(23,984)	(27,593)	(13)
- Administrative	(39,350)	(35,946)	9	(119,005)	(108,577)	10
- Finance	(25,980)	(26,297)	(1)	(73,838)	(66,699)	11
- Other	(1)	(3)	(67)	(1)	(160)	N/M
Share of profits of associates	46	298	(85)	1,556	797	95
Profit before income tax	15,153	11,087	37	45,506	53,122	(14)
Income tax expense	(4,867)	(2,701)	80	(13,082)	(17,114)	(24)
<b>Profit after tax</b>	<b>10,286</b>	<b>8,386</b>	<b>23</b>	<b>32,424</b>	<b>36,008</b>	<b>(10)</b>
<b>Other comprehensive income:</b>						
Items that may be reclassified subsequently to profit or loss:						
Share of other comprehensive income of associate companies	(194)	-	N/M	-	-	N/M
Currency translation differences arising from consolidation	(11,238)	(6,163)	82	(21,843)	(7,280)	200
<b>Total comprehensive income</b>	<b>(1,146)</b>	<b>2,223</b>	<b>N/M</b>	<b>10,581</b>	<b>28,728</b>	<b>(63)</b>
<b>Profit attributable to:</b>						
Owner of the Company	8,646	5,152	68	26,674	26,319	1
Non-controlling interests	1,640	3,234	(49)	5,750	9,689	(41)
<b>Profit after tax</b>	<b>10,286</b>	<b>8,386</b>	<b>23</b>	<b>32,424</b>	<b>36,008</b>	<b>(10)</b>

	Third Quarter			Nine Months		
	Group	Group	Change	Group	Group	Change
	1 Jul 19 to 30 Sep 19	1 Jul 18 to 30 Sep 18		1 Jan 19 to 30 Sep 19	1 Jan 18 to 30 Sep 18	
(RMB'000)	(RMB'000)	%	(RMB'000)	(RMB'000)	%	
<b>Total comprehensive profit attributable to:</b>						
Owner of the Company	(2,704)	(4,195)	(36)	5,645	16,846	(66)
Non-controlling interests	1,558	6,418	(76)	4,939	11,882	(58)
<b>Total comprehensive income</b>	<b>(1,146)</b>	<b>2,223</b>	<b>N/M</b>	<b>10,581</b>	<b>28,728</b>	<b>(63)</b>

**1(a)(ii) Notes to the Consolidated Statement of Comprehensive Income for the Third Quarter and Nine Months ended 30 September 2019**

	Third Quarter			Nine Months		
	Group	Group	Change	Group	Group	Change
	1 Jul 19 to 30 Sep 19	1 Jul 18 to 30 Sep 18		1 Jan 19 to 30 Sep 19	1 Jan 18 to 30 Sep 18	
(RMB'000)	(RMB'000)	%	(RMB'000)	(RMB'000)	%	
Amortisation of intangible assets	(1,326)	(1,462)	(9)	(4,003)	(4,288)	(7)
Depreciation of property, plant and equipment	(1,779)	(950)	87	(3,613)	(2,704)	34
Depreciation of right of use assets	(2,042)	-	N/M	(6,114)	-	N/M
Government grants	1,902	3,702	(49)	1,989	6,219	(68)
Gain/(loss) on disposal of property, plant and equipment	(1)	-	N/M	(2)	-	N/M
Interest expense on borrowings	(23,209)	(20,206)	15	(69,656)	(62,402)	12
Interest income	462	219	111	1,352	1,790	(24)
Net foreign exchange (loss)/gain	(1,281)	621	N/M	1,942	(2,573)	N/M
One off loss on disposal of a subsidiary	(852)	-	N/M	(852)	-	N/M
Write back/(allowance) of impairment loss on financial assets	(271)	(2)	N/M	(271)	(159)	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 30 September 2019**

	<b>Group</b>		<b>Company</b>	
	<b>30 Sep 2019</b> (RMB'000)	<b>31 Dec 2018</b> (RMB'000)	<b>30 Sep 2019</b> (RMB'000)	<b>31 Dec 2018</b> (RMB'000)
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	213,116	243,331	64,104	7,635
Cash pledged with bank	17,326	13,267	-	-
Trade and other receivables	2,225,308	2,442,059	62,474	16,915
Finance lease receivables	-	23,610	-	-
Inventories	271	156,477	-	-
	<b>2,456,021</b>	<b>2,878,744</b>	<b>126,578</b>	<b>24,550</b>
<b>Non-current assets</b>				
Finance lease receivables	-	19,788	-	-
Investment in associated companies	5,494	5,943	-	-
Investment in subsidiaries	-	-	588,346	588,894
Property, plant and equipment	8,997	8,968	-	-
Right of use assets	46,348	-	-	-
Intangible assets (Note A)	70,916	76,619	-	-
Goodwill	113,340	114,706	-	-
Deferred tax assets	2,097	2,014	-	-
	<b>247,192</b>	<b>228,038</b>	<b>588,346</b>	<b>588,894</b>
<b>Total assets</b>	<b>2,703,213</b>	<b>3,106,782</b>	<b>714,924</b>	<b>613,444</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	197,279	296,365	17,100	19,258
Due to subsidiaries (non trade)	-	-	554,119	301,577
Borrowings	2,073,761	1,905,491	-	177,468
Lease liabilities	7,956	1,161	-	-
Current income tax liabilities	19,879	21,825	-	-
Financial derivative liabilities	-	24,753	-	-
	<b>2,298,875</b>	<b>2,249,595</b>	<b>571,219</b>	<b>498,303</b>

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	
	30 Sep 2019 (RMB'000)	31 Dec 2018 (RMB'000)	30 Sep 2019 (RMB'000)	31 Dec 2018 (RMB'000)
<b>Non-current liabilities</b>				
Borrowings	99,390	588,302	-	-
Lease liabilities	41,678	1,076	-	-
Deferred tax liabilities	14,952	15,108	-	-
Others	273	-	-	9,417
	<b>156,293</b>	<b>604,486</b>	<b>-</b>	<b>9,417</b>
<b>Total liabilities</b>	<b>2,455,168</b>	<b>2,854,081</b>	<b>571,219</b>	<b>507,720</b>
<b>Net assets</b>	<b>248,045</b>	<b>252,701</b>	<b>143,705</b>	<b>105,724</b>

## 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)	-	-
Statutory reserve	32,019	32,019	-	-
Currency translation reserve	(41,765)	(20,736)	4,379	844
Retained profits/(accumulated losses)	83,496	56,822	27,660	(6,786)
	<b>186,931</b>	<b>177,622</b>	<b>143,705</b>	<b>105,724</b>
<b>Non-controlling interests</b>	<b>61,114</b>	<b>75,079</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>	<b>248,045</b>	<b>252,701</b>	<b>143,705</b>	<b>105,724</b>

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

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

As at 30 Sep 2019	
Secured (RMB'000)	Unsecured (RMB'000)
7,956	2,073,761

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

#### (B) Amount repayable after one year

As at 30 Sep 2019	
Secured (RMB'000)	Unsecured (RMB'000)
41,678	99,390

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

#### (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.

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 Third Quarter and Nine Months ended 30 September 2019

	Third Quarter		Nine Months	
	Group	Group	Group	Group
	1 Jul 19 to 30 Sep 19 (RMB'000)	1 Jul 18 to 30 Sep 18 (RMB'000)	1 Jan 19 to 30 Sep 19 (RMB'000)	1 Jan 18 to 30 Sep 18 (RMB'000)
<b>Cash flow from operating activities</b>				
Profit before income tax	15,153	11,087	45,506	53,122
Adjustments for:				
Amortisation of intangible assets	1,326	1,462	4,003	4,288
Amortisation of right-of-use assets	2,042	-	6,114	-
Depreciation of property, plant and equipment	1,779	950	3,613	2,704
Gain on disposal of property, plant and equipment	(1)	-	(2)	-
Interest expenses	23,209	20,206	69,656	62,402
Interest income	(462)	(219)	(1,352)	(1,790)
(Write back)/allowance of impairment loss on financial assets	271	2	271	159
Share of profits of associates	(46)	(298)	(1,556)	(797)
Unrealised currency translation losses	(67)	(52)	(2,184)	7,114
	<u>43,205</u>	<u>33,138</u>	<u>124,070</u>	<u>127,202</u>
Change in working capital:				
Inventories	171,863	(6,191)	156,206	(11,318)
Trade and other receivables	530,846	(141,258)	216,751	(87,309)
Trade and other payables	(170,057)	6,232	(551,514)	(17,647)
Cash provided by operations	<u>575,857</u>	<u>(108,079)</u>	<u>(54,487)</u>	<u>10,928</u>
Interest received	462	219	1,352	1,790
Income tax paid	(7,589)	(1,745)	(13,731)	(9,424)
<b>Net cash provided by/(used in) operating activities</b>	<u><b>568,730</b></u>	<u><b>(109,605)</b></u>	<u><b>(66,866)</b></u>	<u><b>3,294</b></u>
<b>Cash flow from investing activities</b>				
Additions to property, plant and equipment (Note B)	-	(255)	(5)	(1,239)
Additions to intangible assets	-	(269)	-	(1,335)
Additions to investment in an associate	-	(2,500)	-	(2,500)
<b>Net cash (used in) investing activities</b>	<u><b>-</b></u>	<u><b>(3,024)</b></u>	<u><b>(5)</b></u>	<u><b>(5,074)</b></u>

	Third Quarter		Nine Months	
	Group	Group	Group	Group
	1 Jul 19 to 30 Sep 19 (RMB'000)	1 Jul 18 to 30 Sep 18 (RMB'000)	1 Jan 19 to 30 Sep 19 (RMB'000)	1 Jan 18 to 30 Sep 18 (RMB'000)
<b>Cash flow from financing activities</b>				
Dividends paid to non-controlling interests	(4,669)	-	(9,423)	(2,641)
Interest paid	(37,838)	(47,265)	(62,407)	(63,472)
Decrease in cash pledged with bank	(4,366)	(52,993)	(4,059)	(43,479)
Proceeds from borrowings	632,010	1,342,315	1,629,185	1,587,315
(Payment for)/proceeds from finance leases	(6,320)	5,892	-	8,171
Repayment of lease liabilities	-	(8)	-	(910)
Repayment of borrowings	(1,102,667)	(1,010,269)	(1,515,600)	(1,290,869)
<b>Net cash (used in)/provided by financing activities</b>	<b>(523,850)</b>	<b>237,672</b>	<b>37,696</b>	<b>194,115</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>44,880</b>	<b>125,403</b>	<b>(29,175)</b>	<b>192,335</b>
<b>Cash and cash equivalents</b>				
Beginning of financial year	170,127	187,566	243,331	134,754
Effect of currency translation on cash and cash equivalents	(1,891)	9,165	(1,040)	(5,315)
<b>Cash and cash equivalents at end of the financial period</b>	<b>213,116</b>	<b>321,774</b>	<b>213,116</b>	<b>321,774</b>

Note B: Purchase of plant and equipment

During 3Q2019, the Group did not acquire property, plant and equipment. Cash payments amounting to nil (3Q2018: RMB255,000) 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 at- tributable to owners of the Company	Non-con- trolling in- terests	Total equity
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
<b><u>The Group</u></b>									
<b>Balance at 1 Jan 2019</b>	<b>101,237</b>	<b>11,944</b>	<b>(3,664)</b>	<b>32,019</b>	<b>(20,736)</b>	<b>56,822</b>	<b>177,622</b>	<b>75,079</b>	<b>252,701</b>
Profit for the period	-	-	-	-	-	18,025	18,025	4,113	22,138
Other comprehensive (loss)/in- come	-	-	-	-	(9,680)	-	(9,680)	(733)	(10,413)
<b>Total comprehensive (loss)/in- come for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9,680)</b>	<b>18,025</b>	<b>8,345</b>	<b>3,380</b>	<b>11,725</b>
Distributions to non-controlling in- terests	-	-	-	-	-	-	-	(4,754)	(4,754)
<b>Total transactions with owners, recognised directly in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance at 30 Jun 2019</b>	<b>101,237</b>	<b>11,944</b>	<b>(3,664)</b>	<b>32,019</b>	<b>(30,416)</b>	<b>74,847</b>	<b>185,967</b>	<b>73,705</b>	<b>259,672</b>
Profit for the period	-	-	-	-	-	8,649	8,649	1,637	10,286
Disposal of a subsidiary	-	-	3,664	-	-	-	3,664	(9,481)	(5,817)
Other comprehensive (loss)/in- come	-	-	-	-	(11,349)	-	(11,349)	(78)	(11,427)
<b>Total comprehensive (loss)/in- come for the period</b>	<b>-</b>	<b>-</b>	<b>3,664</b>	<b>-</b>	<b>(11,349)</b>	<b>8,649</b>	<b>964</b>	<b>(7,922)</b>	<b>(6,958)</b>
Distributions to non-controlling in- terests	-	-	-	-	-	-	-	(4,669)	(4,669)
<b>Balance at 30 Sep 2019</b>	<b>101,237</b>	<b>11,944</b>	<b>-</b>	<b>32,019</b>	<b>(41,765)</b>	<b>83,496</b>	<b>186,931</b>	<b>61,114</b>	<b>248,045</b>



	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)
<b><u>The Group</u></b>									
<b>Balance at 1 Jan 2018</b>	<b>101,237</b>	<b>11,944</b>	<b>(3,664)</b>	<b>19,895</b>	<b>(6,130)</b>	<b>41,666</b>	<b>164,948</b>	<b>65,429</b>	<b>230,377</b>
Profit for the period	-	-	-	-	-	21,167	21,167	6,455	27,622
Other comprehensive (loss)/income	-	-	-	-	(126)	-	(126)	(991)	(1,117)
<b>Total comprehensive (loss)/income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(126)</b>	<b>21,167</b>	<b>21,041</b>	<b>5,464</b>	<b>26,505</b>
Distributions to non-controlling interests	-	-	-	-	-	-	-	(2,641)	(2,641)
<b>Total transactions with owners, recognised directly in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance at 30 Jun 2018</b>	<b>101,237</b>	<b>11,944</b>	<b>(3,664)</b>	<b>19,895</b>	<b>(6,256)</b>	<b>62,833</b>	<b>185,989</b>	<b>68,252</b>	<b>254,241</b>
Profit for the period	-	-	-	-	-	5,152	5,152	3,234	8,386
Other comprehensive (loss)/income	-	-	-	-	(9,347)	-	(9,347)	3,184	(6,163)
<b>Total comprehensive (loss)/income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9,347)</b>	<b>5,152</b>	<b>(4,195)</b>	<b>6,418</b>	<b>2,223</b>
Distributions to non-controlling interests	-	-	-	-	-	-	-	-	-
<b>Balance at 30 Sep 2018</b>	<b>101,237</b>	<b>11,944</b>	<b>(3,664)</b>	<b>19,895</b>	<b>(15,603)</b>	<b>67,985</b>	<b>181,794</b>	<b>74,670</b>	<b>256,464</b>

Statement of Changes in Equity

	Share capi- tal (RMB'000)	Capital re- serve (RMB'000)	Currency translation reserve (RMB'000)	(Accumulated losses)/ re- tained profits (RMB'000)	Total equity (RMB'000)
<b><u>The Company</u></b>					
<b>Balance at 1 Jan 2019</b>	<b>101,237</b>	<b>10,429</b>	<b>844</b>	<b>(6,786)</b>	<b>105,724</b>
Profit for the period	-	-	-	19,319	19,319
Other comprehensive income	-	-	1,950	-	1,950
Total comprehensive income for the period	-	-	1,950	19,319	21,269
<b>Balance at 30 Jun 2019</b>	<b>101,237</b>	<b>10,429</b>	<b>2,794</b>	<b>12,533</b>	<b>126,993</b>
Profit for the period	-	-	-	15,127	15,127
Other comprehensive income	-	-	1,585	-	1,585
Total comprehensive income for the period	-	-	1,585	15,127	16,712
<b>Balance at 30 Sep 2019</b>	<b>101,237</b>	<b>10,429</b>	<b>4,379</b>	<b>27,660</b>	<b>143,705</b>
<b>Balance at 1 Jan 2018</b>	<b>101,237</b>	<b>10,429</b>	<b>(1,810)</b>	<b>9,856</b>	<b>119,712</b>
Profit for the period	-	-	-	4,373	4,373
Other comprehensive income	-	-	(1,054)	-	(1,054)
Total comprehensive income for the period	-	-	(1,054)	4,373	3,319
<b>Balance at 30 Jun 2018</b>	<b>101,237</b>	<b>10,429</b>	<b>(2,864)</b>	<b>14,229</b>	<b>123,031</b>
Profit for the period	-	-	-	(2,939)	(2,939)
Other comprehensive income	-	-	4,744	-	4,744
Total comprehensive income for the period	-	-	4,744	(2,939)	1,805
<b>Balance at 30 Sep 2018</b>	<b>101,237</b>	<b>10,429</b>	<b>1,880</b>	<b>11,290</b>	<b>124,836</b>

- 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 30 June 2019. As at 30 September 2019, 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 or subsidiary holdings of the Company as at 30 September 2019 (30 September 2018: 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 2018 and 30 September 2019, 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 30 September 2019 (30 September 2018: Nil). There was no sale, transfer, disposal, cancellation and/or use of treasury shares as at 30 September 2019.

- 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 30 September 2019.

- 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.**

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2019 and which the Group has not early adopted:

- SFRS(I) 16 Leases
- SFRS(I) INT 23 *Uncertainty Over Income Tax Treatments*

The adoption of the above SFRS(I)s and SFRS(I) Interpretations did not have any significant impact on the financial statements of the Group except for the following:

SFRS(I) 16 Leases (effective for annual periods beginning on or after 1 January 2019)

SFRS(I) 16 has resulted in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors has not changed significantly.

The Group has applied the standard from its mandatory adoption date of 1 January 2019. The Group has applied the simplified transition approach and has not restated comparative amounts for the year prior to first adoption. Right-of-use assets for property leases are measured on transition as if the new rules had always been applied. All other right-of-use assets are measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

The adoption of SFRS(I) 16 resulted in adjustments to the balance sheet of the Group as at 1 January 2019. The differences from the balance sheet as previously reported at 31 December 2018 are increase in right-of-use assets and lease liabilities of RMB53,416,000.

**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.**

	Third Quarter		Nine Months	
	1 Jul 2019 to 30 Sep 2019	1 Jul 2018 to 30 Sep 2018	1 Jan 2019 to 30 Sep 2019	1 Jan 2018 to 30 Sep 2018
Earnings per ordinary share attributable to owners of the Company				
(a) Based on the weighted average number of ordinary shares in issue (RMB cents)	3.03	1.80	9.34	9.22
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)	3.03	1.80	9.34	9.22
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 period.

Diluted earnings per share is the same as the basic earnings per share for the half year ended 30 September 2019 and 2018 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.**

	<u>Group</u>		<u>Company</u>	
	<u>30 Sep 2019</u>	<u>31 Dec 2018</u>	<u>30 Sep 2019</u>	<u>31 Dec 2018</u>
Net asset value per share based on issued share capital (RMB cents)	65.46	62.20	50.32	37.02
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.**

<u>The Group</u>	<u>Third Quarter</u>				<u>Nine Months</u>			
	<u>1 Jul 19 to 30 Sep 19</u>		<u>1 Jul 18 to 30 Sep 18</u>		<u>1 Jan 19 to 30 Sep 19</u>		<u>1 Jan 18 to 30 Sep 18</u>	
	(RMB'000)	%	(RMB'000)	%	(RMB'000)	%	(RMB'000)	%
Revenue by type of services:								
Ship-design service	84,254	63.70	90,175	66.80	256,771	65.20	273,884	64.10
Shipbuilding project services								
-project management	12,388	9.50	10,679	7.90	38,409	9.60	33,052	7.70
-project financing	34,690	26.20	32,982	24.40	95,691	24.30	90,694	21.20
Shipbuilding construction service	-	-	36	-	-	-	24,372	5.70
Finance lease income	260	0.20	1,161	0.90	2,556	0.70	3,780	0.90
Others	604	0.50	(204)	-	564	0.20	1,265	0.40
Total revenue	132,196	100.00	134,829	100.00	393,991	100.00	424,047	100.00

### **Consolidated Statement of Comprehensive Income**

#### **Revenue**

In 3Q2019, 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 RMB2.6 million or 2% to RMB132.2 million in 3Q2019 compared with 3Q2018. The decrease was attributed mainly to: (1) ship-design service income decreasing RMB5.9 million or 7% from RMB90.2 million to RMB84.3 million, and (2) finance lease income decreasing to RMB0.3 million this quarter as compared to RMB1.2 million in 3Q2018, following the completion of disposal of Group's 60% interest in AVIC Zhenjiang Shipyard Marine Pte Ltd ("**the AZM Disposal**"). Shipbuilding project management revenue increased RMB1.7 million or 16% to RMB12.4 million as compared to RMB10.7 million in 3Q2018, and Shipbuilding project financing revenue totalled RMB34.7 million as compared to RMB33.0 million in 3Q2018.

#### **Cost of sales and gross profit**

Cost of sales decreased RMB11.6 million or 21% to RMB42.8 million in 3Q2019, attributed mainly to the change in mix of ship-design contracts in this quarter. Gross profit increased 11% to RMB89.4 million in 3Q2019 mainly due to the revenue contribution from the high margin ship-design service.

#### Other income

Other income consisted mainly of interest income and government grants. Other income decreased by RMB2.5 million to RMB1.7 million in 3Q2019 mainly due to lower government grants received, which amounted to RMB1.9 million in 3Q2019 compared to RMB3.7 million in 3Q2018. Interest income increased from RMB0.2 million 3Q2018 to RMB0.5 million 3Q2019 due to higher interest rate provided by banks' deposit this year.

#### Other (losses)/ gains - net

Other losses in 3Q2019 amounted to RMB2.2 million, compared to gains of RMB0.6 million in 3Q2018, attributed mainly to forex loss of RMB2.0 million in 3Q2019 (3Q2018: gain of RMB0.6 million), and RMB0.9 million loss on the AZM Disposal.

#### Distribution and marketing expenses

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

Distribution and marketing expenses decreased RMB3.8 million, or 31%, due mainly to fewer business department headcount and a lower level of marketing activities in Shanghai this quarter as compared to the corresponding period of 2018.

#### Administrative expenses

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

Administrative expenses increased RMB3.4 million or 9% to RMB39.4 million in 3Q2019 mainly due to increased investment in R&D.

The depreciation charge for plant and equipment amounted to RMB9.7 million in 3Q2019 was mainly due to the adoption of SFRS 16 Leases which increased the depreciation from right-of-use assets. Amortisation of intangible assets amounted to RMB4.0 million in 3Q2019, mainly arising from the amortisation of software, technical knowhow and brand name from Deltamarin Group.

#### Finance expenses

Finance expenses comprised interest expenses on borrowings and finance charges. Finance expenses decreased 1% (or RMB0.3 million) to RMB26.0 million in 3Q2019.

#### Share of results of associates

The share of profit from associates in 3Q2019 amounted to RMB0.05 million compared to RMB0.3 million in 3Q2018.

#### 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 RMB2.2 million or 80% to RMB4.9 million in 3Q2019 due to higher profits before income tax recognised in 3Q2019 than in 3Q2018.

#### 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 RMB11.2 million was recognised in 3Q2019 as compared to a loss of RMB6.2 million in 3Q2018.

#### Profit/(loss) for the period

After taking into account income tax expense and non-controlling interests, net profit attributable to shareholders for 3Q2019 was RMB8.6 million, as compared to RMB5.2 million in 3Q2018.

## **Statement of Financial Position**

### **Current assets**

As at 30 September 2019, the Group's cash and cash equivalents amounted to RMB213.1 million, representing a decrease of RMB30.2 million from RMB243.3 million as at 31 December 2018 as more cash was used to finance working capital requirements. Cash pledged with banks increased to RMB17.3 million as at 30 September 2019 (31 December 2018: RMB13.3 million). The Company's cash and cash equivalents amounted to RMB64.1 million, representing an increase of RMB56.5 million from RMB7.6 million as at 31 December 2018 following receipt of the cash consideration and repayment of shareholder's loan on completion of the AZM Disposal.

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 decreased RMB216.8 million to RMB2,225.3 million as at 30 September 2019, mainly due to payment received arising from shipbuilding project financing provided to related party shipyards.

Finance lease receivables, arising from AZM's sale of tug boats under a finance lease agreement in FY2016, were derecognized as a result of the AZM Disposal.

Inventories declined to RMB0.3 million as at 30 September 2019 (31 December 2018: RMB156.5 million) due to the AZM Disposal.

### **Non-current assets**

Property, plant and equipment comprised motor vehicles, computers and software, furniture and fixtures, office equipment, and Leasing contracts expiring more than 12 months after adopting the new accounting policy under SFRS(I) 16. The increase in Group's property, plant and equipment to RMB55.3 million as at 30 September 2019 from RMB9.0 million as at 31 December 2018 was attributed mainly to accounting treatments of the Group's leasing contracts following adoption of SFRS(I) 16.

Investment in associates is accounted for by the amount of investment in non-controlling entities held by the Deltamarin Group and AVIC International Ship Development (China) Limited.

Intangible assets comprising software licenses, brand name and technical knowhow. Intangible assets amounted to RMB70.9 million as at 30 September 2019, a decrease of RMB5.7 million from 31 December 2018. The decrease was due to amortization of intangible assets.

The Group's goodwill arises from the acquisition of the Deltamarin Group in FY2013. The goodwill amounted to RMB113.3 million as at 30 September 2019, there being no material change from 31 December 2018.

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, arising from AZM's sale of tug boats under a finance lease agreement in FY2016, were derecognised as a result of the AZM Disposal.

### **Current liabilities**

Current portion of borrowings are accounted for by the portion of the borrowings raised which were repayable within 12 months as at 30 September 2019. Current portion of borrowings obtained to finance working capital requirements totalled RMB2,073.8 million as at 30 September 2019 (31 December 2018: RMB1,905.5 million).

Trade and other payables comprised mainly the amounts payable for business, advance receipts from ship owners, accruals and interest payable. Trade and other payables amounted to RMB197.3 million as at 30 September 2019 compared to RM296.4 million as at 31 December 2018. The decrease was 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.

Lease liabilities comprised office space rental and equipment leased within 12 months which amounted to RMB8.0 million as at 30 September 2019 after the adoption of SFRS(I) 16.

Income tax payable decreased by RMB1.9 million from RMB21.8 million to RMB19.9 million as at 30 September 2019.

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 nil as at 30 September 2019 due to the settlement of these contracts in 2Q2019 (31 December 2018: RMB24.8 million).

#### Non-current liabilities

Long-term borrowings decreased RMB488.9 million to RMB99.4 million as at 30 September 2019 as a large portion of long-term loans were repaid and refinanced with short-term loans.

Lease liabilities, comprising office space rental and equipment leased that were more than 12 months away from expiry amounted to RMB41.7 million as at 30 September 2019 after the adoption of SFRS(I) 16 (31 December 2018: RMB1.1 million).

Deferred tax liabilities, amounting to RMB15.0 million, 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 30 September 2019 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 2Q2019.

#### Statutory reserve

The amount of statutory reserve as at 30 June 2019 was provided in the year end in a category rate in accordance with China's regulations. As at 30 September 2019, there was no movement.

#### Currency translation reserve

The amount of currency translation reserve as at 30 September 2019 consisted of gain or loss that varied due to the functional currency of the Group's different business entities being translated into RMB as the presentation currency in consolidation. A negative RMB41.8 million currency translation reserve was recognised as at 30 September 2019 as compared to a negative RMB20.7 million recognised as at 31 December 2018.

#### Retained profits/accumulated losses

Retained profits amounted to RMB83.5 million as at 30 September 2019, as compared to RMB56.8 million at 31 December 2018 as a result of the profit made in the first nine months of 2019.

### **Consolidated cash flow statements**

Net cash inflow from operating activities in 3Q2019 was RMB568.5 million compared to net cash outflow of RMB109.6 million in the corresponding quarter last year. The cash inflow was due to decrease in trade and other receivables as well as the reduction in inventories as a result of the AZM Disposal.

In 3Q2019, cashflow from investing activities was nil, compared to net cash outflow of RMB3.0 million in 3Q2018.

Net cash outflow from financing activities was RMB523.9 million, compared to cash inflow of RMB237.7 million in 3Q2018, and this outflow in 3Q2019 was mainly due to net reduction in borrowings.



**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 global new shipbuilding orders decreased by 51.10% year-on-year in the first nine months in 2019, due to the ensuing uncertainties in the world economy and shipowners taking time to evaluate their options in coping with the IMO2020 rules on sulphur emission. It is expected that the weak economic growth outlook globally and the trade tensions will continue to cause uncertainty in the shipbuilding market and to maritime businesses.

The Group maintains close collaboration with its partner shipyards on ship design and the provision of maritime management and consultancy services.

In October, Deltamarin has signed two design contracts with Merima Oy, a Finland-based company providing turnkey interior solutions for passenger vessels. The contracts cover HVAC and interior design for Merima's turnkey areas aboard the ferry newbuildings for Tallink and Kvarken Link. Together with several other major vessel design orders in its order book, Deltamarin will see high capacity utilization till 2021.

In August 2019, the Company announced that China Merchants Industry Investment Limited, a wholly-owned subsidiary of China Merchants Industry Holdings Co., Ltd, made a pre-conditional voluntary general offer for all the issued and paid-up ordinary shares in the capital of the Company. The formal offer will only be made if the pre-condition has been satisfied on or before 26 December 2019, or such other later date as the Securities Industry Council of Singapore may agree. The Company will keep the market updated on the progress of this matter.

**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 30 September 2019. The Group has decided to retain its profits and cash in order to fund business operations.

**13 Summary of Interested Person Transactions**

	<b>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)</b>	<b>Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)</b>
	(RMB'000)	(RMB'000)
	Note (A) and (B)	Note (A)
<b><u>1 Jul 2019 to 30 Sep 2019</u></b>		
<b>Transaction for Service fee income</b>		
AVIC Weihai Shipyard Co., Ltd		4,961
AVIC Dingheng Shipbuilding Co., Ltd	-	2,386
<b>Transaction for Financial service income</b>		
AVIC Weihai Shipyard Co., Ltd		5,152
AVIC Dingheng Shipbuilding Co., Ltd	-	16,874
<b>Transaction for Ship-designing fee income</b>		
AVIC Weihai Shipyard Co., Ltd		4,708
AVIC Dingheng Shipbuilding Co., Ltd	-	1,616
<b>Balance for Provision of financial assistance</b>		
AVIC Weihai Shipyard Co., Ltd		769,800
AVIC Dingheng Shipbuilding Co., Ltd	-	1,309,719
<b>Transaction for Deposit Service</b>		
AVIC Finance Co., Ltd.	-	301,919
<b>Transaction for Interest expense</b>		
Catic International Finance Ltd	-	5,996
<b>Transaction for property management fees</b>		
AVIC Property Management Co., Ltd.		224
<b>Balance for Receipt of financial assistance</b>		
Catic International Finance Ltd	-	-
AVIC International Holdings Corporation	-	939,499
<b><u>1 Jul 2018 to 30 Sep 2018</u></b>		
<b>Transaction for Service fee income</b>		
AVIC Weihai Shipyard Co., Ltd		3,486
AVIC Dingheng Shipbuilding Co., Ltd	-	7,327

<b>Transaction for Financial service income</b>		
AVIC Weihai Shipyard Co., Ltd		12,787
AVIC Dingheng Shipbuilding Co., Ltd	-	20,161
<b>Transaction for Ship-designing fee income</b>		
AVIC Weihai Shipyard Co., Ltd		818
<b>Balance for Provision of financial assistance</b>		
AVIC Weihai Shipyard Co., Ltd		884,000
AVIC Dingheng Shipbuilding Co., Ltd	-	1,433,113
<b>Transaction for Rental expense</b>		
China National Aero-Technology Shanghai Co., Ltd	-	217
<b>Transaction for Property management fee</b>		
AVIC Property Management Co., Ltd.	-	228
<b><u>1 Jan 2019 to 30 Sep 2019</u></b>		
<b>Transaction for Service fee income</b>		
AVIC Weihai Shipyard Co., Ltd		16,968
AVIC Dingheng Shipbuilding Co., Ltd	-	16,704
<b>Transaction for Financial service income</b>		
AVIC Weihai Shipyard Co., Ltd		29,576
AVIC Dingheng Shipbuilding Co., Ltd	-	57,138
<b>Transaction for Ship-designing fee income</b>		
AVIC Weihai Shipyard Co., Ltd		9,498
AVIC Dingheng Shipbuilding Co., Ltd	-	4,500
<b>Balance for Provision of financial assistance</b>		
AVIC Weihai Shipyard Co., Ltd		769,800
AVIC Dingheng Shipbuilding Co., Ltd	-	1,309,719
<b>Transaction for Deposit Service</b>		
AVIC Finance Co., Ltd.	-	570,479
<b>Transaction for Interest expense</b>		
Catic International Finance Ltd	-	19,045
<b>Transaction for property management fees</b>		
AVIC Property Management Co., Ltd.		920
<b>Balance for Receipt of financial assistance</b>		
Catic International Finance Ltd	-	-
AVIC International Holdings Corporation	-	939,499
<b><u>1 Jan 2018 to 30 Sep 2018</u></b>		
<b>Transaction for Service fee income</b>		
AVIC Weihai Shipyard Co., Ltd		13,612
AVIC Dingheng Shipbuilding Co., Ltd	-	19,657

<b>Transaction for Financial service income</b>		
AVIC Weihai Shipyard Co., Ltd		37,945
AVIC Dingheng Shipbuilding Co., Ltd	-	52,184
<b>Transaction for Ship-designing fee income</b>		
AVIC Weihai Shipyard Co., Ltd		15,301
<b>Balance for Provision of financial assistance</b>		
AVIC Weihai Shipyard Co., Ltd		884,000
AVIC Dingheng Shipbuilding Co., Ltd	-	1,433,113
<b>Transaction for Deposit Service</b>		
AVIC Finance Co., Ltd.	-	83,600
<b>Transaction for Rental expense</b>		
China National Aero-Technology Shanghai Co., Ltd	-	652
<b>Transaction for Property management fee</b>		
AVIC Property Management Co., Ltd.	-	926

**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 Update on utilisation of Placement Proceeds**

Pursuant to the Offer Information Statement of the Company dated 13 September 2011 and the Company's announcements dated 3 October 2011 and 6 October 2011 regarding its compliance placement exercise (the "**Placement**") and 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 of 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 30 September 2019, 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. The Placement Proceeds have not been utilised as at 30 September 2019.

#### **15 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.

#### **16 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 nine months ended 30 September 2019.

#### **17 Confirmation of the Board**

The directors of the Company have confirmed that, to the best of their knowledge, nothing has come to the attention of the board of directors which may render the unaudited financial results for the third quarter ended 30 September 2019 to be false or misleading in any material aspect.

#### **On behalf of the Board of Directors**

Dr Diao Weicheng  
Executive Chairman  
8 November 2019

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*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.*

*This announcement has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents in this announcement, including the accuracy, completeness, correctness of any of the information, statements made, reports contained or opinions expressed in this announcement.*

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

(Company Registration No. 201024137N)

**AVIC International Maritime reports  
net profit of RMB10.3 million for 3Q2019, rising 23% YoY**

- 3Q2019 revenues from project management and project financing businesses saw 16% and 5% increase (yoy) respectively; total revenue dipped 2% (yoy) due to the decrease in ship design services and finance lease income
- Gross profit increased by 11% (yoy) to S\$89.4 million in 3Q2019 on the back of reduced cost of sales attributed to change in mix of ship design contracts
- Deltamarin has signed two design contracts with Merima Oy, a Finland-based company providing turnkey interior solutions for passenger vessels

**SINGAPORE, 8 November 2019** – AVIC International Maritime Holdings Limited ( “**AVIC Maritime**” or “**中航国际船舶控股有限公司**” , and together with its subsidiaries, the “Group” ), a leading integrated marine and offshore one-stop solution provider under the AVIC Group, today announced its financial results for the quarter ended 30 September 2019 (“**3Q2019**”).

**Financial Highlights**

RMB million	3Q2019	3Q2018	Change %	9M2019	9M2018	Change%
<b>Revenue</b>	132.2	134.8	(2)	394.0	427.0	(8)
Shipbuilding project service						
- Project management	12.4	10.7	16	38.4	33.1	16
- Project financing	34.7	33.0	5	95.7	90.7	6
Shipbuilding construction service	-	-	-	-	-	-
Ship-design service	84.3	90.2	(7)	256.8	273.9	(6)
<b>Cost of sales</b>	42.8	54.4	(21)	144.1	179.4	(20)
<b>Gross profit</b>	89.4	80.4	11	250.0	247.6	1
<b>Distribution and marketing expenses</b>	8.4	12.3	(31)	24.0	27.6	(13)
<b>Administrative expenses</b>	39.4	35.9	9	119.0	108.6	10
<b>Finance cost</b>	26.0	26.3	(1)	73.8	66.7	11
<b>Profit/(Loss) for the period</b>	10.3	8.4	23	32.4	36.0	(10)
<b>Profit attributable to equity holders</b>	8.6	5.2	68	26.7	26.3	1

**Financial Review**

The Group’s revenue, mainly generated from its ship-design service, shipbuilding project management and project financing services, decreased by RMB2.6 million or 2% year-on-year (“yoy”) to RMB132.2 million in 3Q2019. The decrease was mainly due to ship-design



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(formerly known as AVIC International Investments Limited)

(Company Registration No. 201024137N)

service revenue dropping from RMB90.2 million for 3Q2018 to RMB84.3 million for 3Q2019. The Group's Shipbuilding Project Services segment saw an uptick, with revenues from project management and project financing increasing by 16% and 5% to RMB12.4 million and RMB34.7 million respectively for 3Q2019.

Cost of sales decreased by 21% (yoy) to RMB42.8 million in 3Q2019, attributable to the change in mix of ship-design contracts in this quarter.

As a result, the Group's gross profit increased by 11% to RMB89.4 million in 3Q2019.

The Group reported net profit attributable to shareholders of RMB8.6 million in 3Q2019, 68% higher as compared to that of 3Q2018.

Earnings per ordinary share in 3Q2019 is 3.03 RMB cents, compared to 1.80 RMB cents in 3Q2018.

As of 30 September 2019, the Group recorded net assets value per share of RMB65.46 cents, compared to RMB62.20 cents as at 31 December 2018.

## **Business Review and Future Plans**

The global new shipbuilding orders decreased by 51.10%<sup>1</sup> year-on-year in the first nine months in 2019, due to the ensuing uncertainties in the world economy and shipowners taking time to evaluate their options in coping with the IMO2020 rules on sulphur emission. It is expected that the weak economic growth outlook globally and the trade tensions will continue cause uncertainty in the shipbuilding market and to maritime businesses.

Despite the challenges in the market, the Group maintains close collaborations with its partner shipyards on ship design and the provision of maritime management and consultancy services.

Deltamarin's orderbook has continued to grow, further strengthening its foothold in the market for the design of high-tech and green vessels. In October, Deltamarin has signed two design contracts with Merima Oy, a Finland-based company providing turnkey interior solutions for passenger vessels. The contracts cover HVAC and interior design for Merima's turnkey areas aboard the ferry newbuildings for Tallink and Kvarken Link<sup>2</sup>. Together with several other major vessel design orders in its order book, Deltamarin will see high capacity utilization till 2021.

Dr. Diao Weicheng (刁伟程), AVIC Maritime's Executive Chairman, commented on the performance and the outlook for the Group,

***"This is a challenging time for the global shipbuilding market and we expect to see that the trade talks, feeble economic outlook and stringent industry regulation will continue to weigh on market sentiment and demand from shipbuilders. However, with the support of the AVIC Group and our customers at large and a dedicated management team, we have been able to see a***

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<sup>1</sup> [http://www.eworldship.com/html/2019/NewShipMarket\\_1026/153672.html](http://www.eworldship.com/html/2019/NewShipMarket_1026/153672.html)

<sup>2</sup> <https://www.deltamarin.com/2019/10/deltamarin-signs-design-contracts-merima/>





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*steady performance in 3Q2019. We will continue to strive to realise the full potential of our vessel design and shipbuilding management and consultancy capabilities in this niche market.”*

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### **About AVIC**

Established in 1994, listed on SGX Mainboard since September 2011 and transferred to the SGX Catalist board in May 2016, AVIC International Maritime Holdings Limited (“AVIC Maritime” or collectively known as the “Group”) is an integrated marine and offshore solution provider under the AVIC Group. The Group offers a wide spectrum of services, ranging from shipbuilding, management and consultancy (“M&C”), design and engineering to ship trading related businesses. Over the decades, AVIC Maritime has maintained a strong track record and built many strong relationships with reputable ship-owners.

In January 2013, the Group acquired Deltamarin Ltd. (“Deltamarin”), a Finnish design and engineering firm, innovative leader in naval architecture and engineering. Deltamarin’s capability in developing profitable, sustainable and cost-efficient vessel helps strengthen AVIC Maritime’s foothold in ship design, shipbuilding and ship trading related businesses.

The AVIC Group is one of China’s largest industrial state-owned-enterprise, which is also ranked amongst Fortune Global 500 companies since 2009. As a subsidiary of the AVIC Group, AVIC Maritime is able to leverage on AVIC Group’s extensive financial and business network to become a key player in the global marine and offshore industry.

For more information, please visit: <http://www.avicintl.com.sg>

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*This press release has been prepared by the Company and its contents have been reviewed by the Company’s Continuing Sponsor, Stamford Corporate Services Pte. Ltd. (“Sponsor”), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this press release.*

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