

AVIC International Investments Limited



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

PROPOSED PLACEMENT OF UP TO 65,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF AVIC INTERNATIONAL INVESTMENTS LIMITED

DMG & Partners Securities Pte Ltd (“DMG”) was the financial adviser to AVIC International Investments Limited in relation to its listing on the Singapore Exchange Securities Trading Limited (the “SGX-ST”). DMG assumes no responsibility for the contents of this announcement.

1. INTRODUCTION

The Board of Directors (the “**Board**”) of AVIC International Investments Limited (the “**Company**”) wishes to announce that the Company had, on 12 September 2011, entered into a placement agreement dated 12 September 2011 (the “**Placement Agreement**”) with DMG (the “**Placement Agent**”) pursuant to which the Company has agreed to issue up to 65,000,000 new ordinary shares in the capital of the Company (the “**Placement Shares**”) and the Placement Agent has agreed, on a best efforts basis, to place the Placement Shares to subscribers at a price (the “**Placement Price**”) which is expected to be within an estimated price range of up to S\$0.50 per Placement Share, subject to a minimum price of S\$0.20 per Placement Share, and on the terms and subject to the conditions of the Placement Agreement (the “**Placement**”).

The Placement Price will be determined through a book-building exercise by the Company in consultation with the Placement Agent after taking into consideration, *inter alia*, prevailing market conditions and the estimated market demand for the Placement Shares. The Placement Price and the number of Placement Shares offered will be determined at the discretion of the Board in consultation with the Placement Agent. The Company will announce the Placement Price and the number of Placement Shares offered once the above are determined.

The Placement Shares shall, upon allotment and issue, rank in all respects *pari passu* with the existing issued Shares and be free from all claims, charges, pre-emption rights, liens and other encumbrances and with all rights and benefits attaching thereto except that the Placement Shares will not rank for any dividends, rights, allotments or other distributions the record date for which falls on or before the date of issue of the Placement Shares.

Pursuant to written resolutions of the then sole shareholder of the Company passed on 1 July 2011, it was resolved, *inter alia*, that the directors of the Company be authorised to issue the Placement Shares. The Placement Shares represent approximately 28.0% of the total number of issued ordinary shares in the capital of the Company (“**Shares**”) as at the date of this announcement and approximately 21.9% of the enlarged total number of issued Shares immediately after the completion of the Placement (taking into account the 65,000,000 Placement Shares issued and allotted pursuant to the Placement).

2. CURRENT SUSPENSION OF TRADING IN THE SHARES

The Company is undertaking the Placement to comply with the shareholding spread and distribution requirements under Rule 210(1) of the listing manual of the SGX-ST (the “**Listing**”).

Manual). The trading of the Shares has been suspended from 12 September 2011 which is the date the Shares were listed on the SGX-ST. As such, no trades in the Shares have been recorded. In the case where the Placement is not or is unable to be carried out so as to meet the applicable shareholding spread and distribution requirements of the Listing Manual, the trading of the Shares may continue to be suspended.

3. USE OF NET PROCEEDS

Based on the maximum Placement Price of S\$0.50 per Placement Share (the **“Maximum Placement Price”**) and the maximum placement size of 65,000,000 Placement Shares (**“Maximum Placement Size”**), assuming that the Placement is fully subscribed, the Company expects to receive net proceeds of approximately S\$28.7 million⁽¹⁾ (after deducting estimated expenses) from the Placement.

The Company intends to utilise the estimated net proceeds for the purposes set out below and in the following order of priority:

- (i) S\$25.0 million (or equivalent to approximately RMB132.4 million⁽²⁾) to partly finance the acquisition of a shipyard; and
- (ii) the balance S\$3.7 million for the Group’s working capital purposes and any future acquisitions, joint ventures and strategic alliances.

Notes:

- (1) The net proceeds amount of S\$28.7 million may vary depending on the final terms of the Placement. Further, this net proceeds amount is only an indicative figure and cannot be guaranteed due to market conditions, unforeseen circumstances, difficulties and complications.
- (2) Based on the closing exchange rate of S\$1 :RMB5.297 as at 6 September 2011. (source: Bloomberg L.P.)

In addition to the S\$25.0 million referred to in (i) above, the Company expects that it will need to raise additional funds of approximately S\$75 million to complete the acquisition of the shipyard.

Pending the deployment of the net proceeds for the purposes mentioned above, the net proceeds may be deposited with banks and/or financial institutions, invested in short-term money market instruments and/or marketable securities, or used for any other purpose on a short-term basis as the Board may, in its absolute discretion, deem fit.

4. FINANCIAL EFFECTS OF THE PLACEMENT

Based on the issued share capital of the Company of approximately S\$6.0 million comprising 232,000,000 Shares as at the date of this announcement and assuming that all the 65,000,000 Placement Shares are issued at the maximum Placement Price of S\$0.50 per Placement Share, on completion of the Placement, the issued share capital of the Company will increase to approximately S\$36.6 million comprising 297,000,000 Shares, after taking into account the capitalization of certain share issue expenses. As mentioned in Section 1 above, the Placement Shares represent approximately 28.0% of the total number of issued Shares as at the date of this announcement and approximately 21.9% of the enlarged total number of issued Shares immediately after the completion of the Placement (taking into account the 65,000,000 Placement Shares issued and allotted pursuant to the Placement).

Based on the unaudited pro forma financial statements of the Company and its subsidiaries (the **“Group”**) for the financial year ended 31 December 2010, (i) the Group’s net asset value per Share was approximately 13.8 RMB cents, assuming that the Company’s issued share capital of approximately S\$6.0 million comprising 232,000,000 Shares had been fully paid up by its then sole shareholder, AVIC International Kairong Limited, on 31 December 2010 and (ii) the Group’s earnings per Share was approximately 24.2 RMB cents, calculated based on the Company’s issued share capital of 232,000,000 Shares.

Assuming that the Placement had been effected and the Company’s issued share capital of S\$6.0 million had been fully paid up, in respect of net asset value per Share, on 31 December 2010, and in respect of earnings per Share, for the financial year ended 31

December 2010, and that all the Placement Shares were issued on the respective dates at the maximum Placement Price of S\$0.50 per Placement Share, and taking into account the estimated listing expenses and estimated net proceeds from the Placement, the Group's net asset value per Share and earnings per Share, after adjusting for the issue of the Placement Shares, would be approximately 61.8 RMB cents and 18.9 RMB cents respectively.

It should be noted that such financial effects are for illustrative purposes only and do not purport to be indicative or a projection of the results and financial position of the Company and the Group after completion of the Placement. The illustrated financial effects of the Placement have been prepared based on the unaudited pro forma financial information of the Group for the financial year ended 31 December 2010. Please refer to the "Independent Auditors' Report and Unaudited Pro Forma Financial Information for the Year Ended 31 December 2008, 2009 and 2010" in Appendix A of the information memorandum dated 10 August 2011 issued by the Company in connection with the listing of the Company (the "**Information Memorandum**") for information on, *inter alia*, the basis of presentation and preparation of such financial statements. A copy of the Information Memorandum can be found on the website of the SGX-ST, <http://www.sgx.com>.

The above information should be read in conjunction with paragraph 3 of Part V (Operating and Financial Review and Prospects) of the Offer Information Statement (as defined below) and the "Independent Auditors' Report and Unaudited Pro Forma Financial Information for the Year Ended 31 December 2008, 2009 and 2010" in Appendix A of the Information Memorandum.

5. **CONDITIONS PRECEDENT**

Completion of the Placement is conditional upon, *inter alia*:

- (i) the lodgement with the Monetary Authority of Singapore (the "**Authority**") by the Company of an offer information statement (the "**Offer Information Statement**") pursuant to Section 277 of the Securities and Futures Act (Cap. 289) being acceptable to the Authority;
- (ii) in-principle approval for the listing and quotation of the Placement Shares on the Official List of SGX-ST not having been revoked or amended and any conditions attached thereto which are required to be fulfilled on or before the date of completion of the Placement (the "**Completion Date**"), having been so fulfilled before that date to the satisfaction of the SGX-ST unless otherwise waived by the SGX-ST;
- (iii) receipt of confirmation from the SGX-ST that the suspension of dealing in the Shares on the SGX-ST will or has been lifted;
- (iv) the Placement not being prohibited by any statute, order, rule or regulation promulgated or issued after the date of the Placement Agreement by any legislative, executive or regulatory body or authority of Singapore which is applicable to the Company or the Placement Agent;
- (v) there having been, as at the Completion Date, no occurrence of any event nor the discovery of any fact rendering untrue or incorrect in any material respect any of the representations, warranties, undertakings contained in the Placement Agreement if they were repeated on and as of the Completion Date;
- (vi) the compliance with all applicable laws and regulations concerning the Placement, the listing of the Placement Shares on the Official List of the SGX-ST and the transactions contemplated in the Placement Agreement and no new laws, regulations and directives having been promulgated, published and/or issued and/or having taken effect or any other similar matter having occurred which, in the reasonable opinion of the Placement Agent, has or may have a material adverse effect on the Placement and the listing of the Placement Shares on the Official List of the SGX-ST; and
- (vii) the Placement Agent being satisfied that the Placement Shares will be admitted for listing by the SGX-ST without undue delay after the Completion Date.

The Placement Agent may, and upon such terms as it thinks fit, waive compliance with any of the conditions set out above (except for conditions (i) and (iv)).

Completion of the Placement is to take place on 27 September 2011 or such other date as the Company and the Placement Agent may agree in writing.

If any of the conditions above is not satisfied or waived on or before the Completion Date or such other dates as the Company and the Placement Agent may mutually agree in writing, the Placement Agreement shall terminate and in that event the obligations of the Parties hereunder shall be released and discharged except as specifically provided under the Placement Agreement.

The SGX-ST has stated in its letter dated 21 June 2011 to the Company that the Company is conditionally eligible for a SGX-Mainboard listing subject to, *inter alia*, the Placement being completed within one month from the date of admission of the Shares to the Official List of the SGX-ST.

The Placement Agent has undertaken pursuant to the Placement Agreement, among other things, that it will comply with Rule 240 of the Listing Manual, where applicable.

The placees for the Placement may include institutional investors, retail investors, and/or existing Shareholders (so long as such placees are acceptable to the SGX-ST for the purposes of fulfilling the free float requirements under Rule 210(1)(a) of the Listing Manual).

The Placement Shares will not be placed to any person falling within the categories as set out in Rule 812(1) of the Listing Manual, unless otherwise agreed to by the SGX-ST.

6. OFFER INFORMATION STATEMENT

The Company has today lodged the Offer Information Statement with the Authority pursuant to Section 277 of the Securities and Futures Act (Cap. 289). A copy of the Offer Information Statement is attached to this announcement.

7. GENERAL

None of the Directors or substantial shareholders of the Company (other than in their capacity as Directors or shareholders of the Company) has any interest, direct or indirect, in the Placement.

By Order of the Board

Diao Weicheng
Non-Executive Chairman

13 September 2011