

CIRCULAR DATED 11 APRIL 2012

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

If you are in any doubt about the contents of this Circular or the action you should take, you should consult your bank manager, stockbroker, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your shares in the capital of AVIC International Investments Limited (the “**Company**”), you should forward this Circular, the enclosed Notice of Extraordinary General Meeting and the accompanying Proxy Form immediately to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular.



**AVIC INTERNATIONAL INVESTMENTS LIMITED**

(Incorporated in the Republic of Singapore)  
(Company Registration Number: 201024137N)

**CIRCULAR TO SHAREHOLDERS**

**IN RELATION TO**

**THE PROPOSED SHAREHOLDERS' GENERAL MANDATE FOR  
INTERESTED PERSON TRANSACTIONS**

*Independent Financial Adviser to the Company in relation to the Interested Person Transactions Mandate*



**MAYBANK KIM ENG CORPORATE FINANCE PTE. LTD.**

(Incorporated in the Republic of Singapore)  
(Company Registration Number: 200207700C)

**IMPORTANT DATES AND TIME:**

Last date and time for lodgment of Proxy Form : 24 April 2012 at 3:00 p.m.

Date and time of Extraordinary General Meeting : Thursday, 26 April 2012 at 3:00 p.m. (or immediately after the conclusion or adjournment of the Annual General Meeting of the Company to be held at 2:00 p.m. on the same day and at the same venue, whichever is the later)

Place of Extraordinary General Meeting : Suntec Singapore International Convention & Exhibition Centre, Meeting Room 203, Level 2, 1 Raffles Boulevard, Suntec City, Singapore 039593

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## DEFINITIONS

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In this Circular, the following definitions apply throughout unless the context otherwise requires or otherwise stated:

<b>“AGM”</b>	:	Annual General Meeting
<b>“Associates”</b>	:	(a) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means: <ul style="list-style-type: none"><li>(i) his immediate family;</li><li>(ii) the trustee of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and</li><li>(iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more</li></ul> (b) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
<b>“Associated Companies”</b>	:	Companies in which at least 20% but not more than 50% of its shares are held by the Company or the Group
<b>“Auditors”</b>	:	The auditors of the Company for the time being
<b>“Audit Committee”</b>	:	The audit committee of the Company
<b>“AVIC”</b>	:	Aviation Industry Corporation of China (中国航空工业集团公司)
<b>“AVIC Group”</b>	:	AVIC, its subsidiaries and its associates
<b>“AVIC International”</b>	:	AVIC International Holding Corporation (中国航空技术国际控股有限公司)
<b>“AVIC International Beijing”</b>	:	AVIC International Beijing Co., Ltd (中国航空技术北京有限公司)
<b>“AVIC International Kairong”</b>	:	AVIC International Kairong Limited (中航国际凯融有限公司)
<b>“AVIC Shipbuilding Management Business”</b>	:	The business division of AVIC International Beijing providing M&C Services
<b>“AVIC Subsidiaries”</b>	:	AVIC International and AVIC International Beijing
<b>“Approval Thresholds”</b>	:	Has the meaning ascribed to it in section 7(b) of this Circular
<b>“Board”</b>	:	The board of Directors of the Company for the time being
<b>“CDP”</b>	:	The Central Depository (Pte) Limited

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## DEFINITIONS

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<b>“CEO”</b>	:	Chief Executive Officer
<b>“Circular”</b>	:	This circular to Shareholders dated 11 April 2012
<b>“Company”</b>	:	AVIC International Investments Limited
<b>“Companies Act”</b>	:	The Companies Act, Chapter 50 of Singapore (as may be amended from time to time)
<b>“Controlling Shareholder”</b>	:	A person who (a) holds directly or indirectly 15.00% or more of the nominal amount of all voting shares in a company (unless the SGX-ST determines that such a person is not a Controlling Shareholder of the company; or (b) in fact exercises control over the company
<b>“Directors”</b>	:	The directors of the Company as at the Latest Practicable Date
<b>“Executive Directors”</b>	:	A director of the Company who holds an executive position
<b>“EGM”</b>	:	The extraordinary general meeting of the Company to be held on Thursday, 26 April 2012, notice of which is set out on page 26 of this Circular
<b>“Entity at Risk”</b>	:	Shall have the meaning ascribed to it in the Listing Manual as amended from time to time
<b>“FY”</b>	:	Financial year ended 31 December
<b>“Group”</b>	:	The Company and its subsidiaries
<b>“Kaixin (Beijing)”</b>	:	AVIC Kaixin (Beijing) Ship Industry Co., Ltd. (中航凯新(北京)船舶有限公司)
<b>“Kaixin Industrial”</b>	:	Kaixin Industrial Pte. Ltd.
<b>“IPT Mandate” or “Interested Person Transactions Mandate”</b>	:	The proposed Shareholders’ general mandate to be obtained by the Company at the EGM and on the terms set out in the notice of EGM and pursuant to Chapter 9 of the Listing Manual, permitting companies within the Group, or any of them, to enter into Interest Person Transactions, provided that such transactions are on an arm’s length basis, on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders
<b>“IFA” or “Maybank KECF”</b>	:	Maybank Kim Eng Corporate Finance Pte. Ltd., the independent financial adviser to the Company in relation to the Interested Person Transactions Mandate
<b>“Interested Person”</b>	:	The interested person(s) of the Company who fall within the IPT Mandate, as set out in section 5 of this Circular
<b>“Interested Person Transaction(s)”</b>	:	The categories of transactions with the Interested Person(s) which fall within the IPT Mandate, as set out in section 2.2 of this Circular

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## DEFINITIONS

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<b>“Information Memorandum”</b>	:	Information Memorandum dated 10 August 2011 issued by the Company
<b>“Latest Practicable Date”</b>	:	The latest practicable date prior to the printing of this Circular, being 5 April 2012
<b>“Listing”</b>	:	The official listing of our Shares on the SGX-ST on 12 September 2011
<b>“Listing Manual”</b>	:	The Listing Manual of the SGX-ST, as amended or modified from time to time
<b>“M&amp;C Service”</b>	:	The project management and consultancy services including ship design, construction (both of which are out-sourced to third parties), procurement, newbuilding management and marine finance arrangement
<b>“NTA”</b>	:	Net tangible assets
<b>“Opinion Letter”</b>	:	IFA’s letter to the Recommending Directors, annexed to this Circular as Appendix B
<b>“PRC”</b>	:	The People’s Republic of China, excluding Hong Kong and Macau Special Administrative Regions
<b>“Restructuring Exercise”</b>	:	The restructuring exercise that we carried out to streamline our corporate structure as described in the Information Memorandum dated 10 August 2011
<b>“Recommending Directors”</b>	:	Has the meaning ascribed to it in section 13 of this Circular
<b>“Securities Accounts”</b>	:	Securities accounts maintained by a Depositor with CDP (but does not include securities sub-accounts)
<b>“SGX-ST”</b>	:	Singapore Exchange Securities Trading Limited
<b>“Shareholders”</b>	:	Registered holders for the time being of Shares except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and where the context admits, mean the Depositors who have Shares entered against their names in the Depository Register
<b>“Shares”</b>	:	The ordinary shares in the share capital of the Company
<b>“Substantial Shareholders”</b>	:	Persons who each hold directly and/or indirectly 5% or more of the total issued share capital of the Company
<b>“Undertaking”</b>	:	The Undertaking disclosed in the Information Memorandum under the section entitled “Potential Conflicts of Interests”
<b>Currencies, Units and Others</b>		
<b>“RMB”</b>	:	Renminbi

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## DEFINITIONS

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“S\$” and “cents” : Singapore dollars and cents respectively

“%” or “per cent.” : Per centum or percentage

The terms “**Depositor**” and “**Depository Register**” shall have the meanings ascribed to them respectively in section 130A of the Companies Act.

Words importing the singular shall, where applicable, include the plural and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa, and words importing persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or any statutory modification thereof and used in this Circular shall have the same meaning assigned to it under the said Companies Act or any modification thereof, as the case may be, unless the context otherwise requires.

Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any discrepancies in the tables in this Circular between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be the arithmetic aggregation of the figures that precede them.

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## LETTER TO SHAREHOLDERS

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### AVIC INTERNATIONAL INVESTMENTS LIMITED

(Incorporated in the Republic of Singapore)  
(Company registration no. 201024137N)

**Directors:**

Mr Diao Weicheng (Executive Chairman)  
Mr Li Jin (Non-Executive Deputy Chairman)  
Mr Zhang Wanping (Executive Director and CEO)  
Mr Cheng Xuhui (Executive Director)  
Mr Wu Weidong (Executive Director)  
Mr Li Wei (Executive Director)  
Mr Teng Cheong Kwee (Lead Independent Director)  
Mr Chong Teck Sin (Independent Director)  
Ms Alice Lai Kuen Kan (Independent Director)

**Registered Office:**

10 Collyer Quay  
#27-00 Ocean Financial Centre  
Singapore 049315

11 April 2012

To: The Shareholders of AVIC International Investments Limited

Dear Sir/Madam

#### **THE PROPOSED SHAREHOLDERS' GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS ("IPT MANDATE")**

##### **1. INTRODUCTION**

- 1.1 The Directors propose to table, for the Shareholders' approval, the adoption of the proposed IPT Mandate in respect of future transactions that the Group may enter into with any member of the AVIC Group, as detailed in section 2 below.
- 1.2 The purpose of this Circular is to explain the reasons for, and to provide Shareholders with information relating to, the proposal to be tabled at the EGM.

##### **2. THE PROPOSED IPT MANDATE**

###### **2.1 AVIC Group and our Group**

**AVIC Group** is a large state-owned corporate giant that is authorised and managed by the Central Government of the PRC. Its key business units are Defense, Transport Aircraft, Aviation Engine, Helicopters, Avionics, General Aviation Aircraft, Aviation Research and Development, Flight Test, Trade and Logistics, and Asset Management. As at the Latest Practicable Date, AVIC Group has nearly 200 subsidiaries/branches and over 20 listed companies under its umbrella. Further information on AVIC Group may be found on the following website: <http://www.avic2.com>.

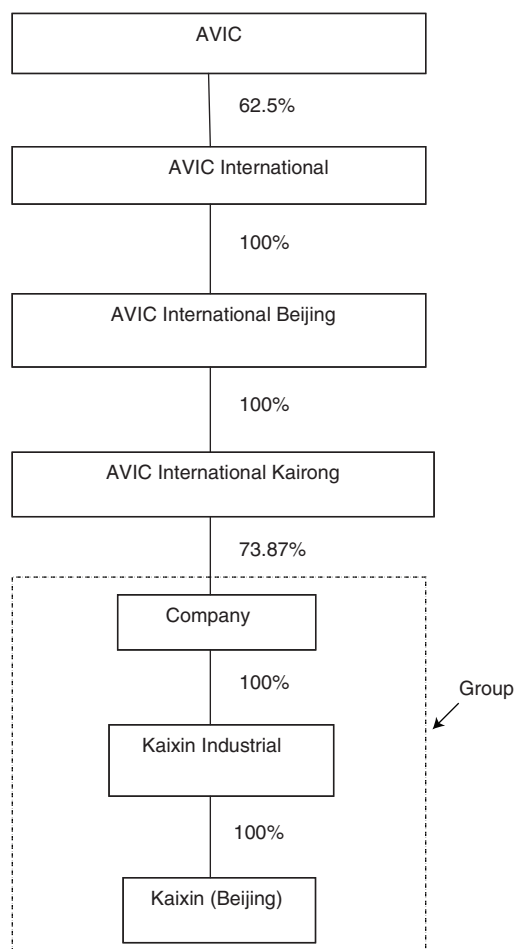
**Our Group** is principally involved in the provision of M&C Services. We work with established shipyards in the PRC as co-seller whereby the shipyards are responsible for the construction of the vessels and we are in charge of the non-construction aspects of the shipbuilding project. We outsource the design of vessels to several renowned ship design institutes in the PRC. In addition, we also provide marketing and consultancy services to shipyards in the PRC to help promote their corporate profiles in the overseas markets, seek out shipbuyers and secure shipbuilding contracts, including working with the shipyards to negotiate with shipbuyers on the terms and other details of the shipbuilding contracts, among others. As disclosed in the Information Memorandum, following Company's successful Listing on the SGX-ST, the Group intends to diversify into ship-trading related business and shipbuilding.

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## LETTER TO SHAREHOLDERS

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**Relationship between AVIC Group and our Group:** AVIC holds 62.5% of the registered capital of AVIC International, which in turn holds the entire registered capital of AVIC International Beijing. AVIC International Beijing is the sole shareholder of AVIC International Kairong, which is the direct majority shareholder of our Company as at the Latest Practicable Date. AVIC is therefore deemed to be an interested person for the purposes of Chapter 9 of the Listing Manual. The shareholding structure in relation to AVIC, AVIC International Beijing, AVIC International Kairong and our Group is as follows:



In view of the above, the Company wishes to seek the approval of the Shareholders (which shall exclude Shareholders who are required to abstain from voting pursuant to Rule 920(1)(b)(viii) of the Listing Manual) for the adoption of the proposed IPT Mandate in respect of future transactions that the Group may enter into with the AVIC Group.

### 2.2 The Nature and Scope of the IPT Mandate

The Company anticipates that it and/or its subsidiaries would, in the ordinary course of business, enter into transactions with AVIC Group, which are considered “interested person transactions” as defined in Chapter 9 of the Listing Manual.

The proposed transactions include, but are not limited to:

#### (a) Provision of project management services to AVIC Group

Our Group may provide project management services to AVIC Group in relation to shipbuilding which cover non-construction aspects of a shipbuilding project, such as procurement, marine finance, handling of export procedural matters and overseeing the utilisation of the progress payment by the ship-buyer;



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## LETTER TO SHAREHOLDERS

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**(b) Provision of marketing and consultancy services to shipyards within AVIC Group**

Our Group may provide marketing and consultancy services in respect of shipbuilding business of the shipyards within AVIC Group, which includes the arrangement of banking facilities and conducting marketing activities to promote the shipyards' corporate profile in overseas markets;

**(c) Provision of services to the shipyards within AVIC Group in securing shipbuilding contracts**

Our Group may provide services in seeking potential ship-buyers for shipyards within AVIC Group, including negotiating with the potential ship-buyers on behalf of the said shipyards in relation to the terms and conditions of the relevant shipbuilding contracts;

**(d) The sale or purchase of vessels to/from AVIC Group**

Our Group may sell vessels to AVIC Group upon firm orders secured by AVIC Group from a third party customer. The Group may also purchase vessels from shipyards within AVIC Group upon securing a firm order from a third party buyer;

**(e) The outsourcing of shipbuilding activities to the shipyards within AVIC Group**

**(f) Receiving financing support and/or corporate guarantee from the AVIC Group**

Our Group may receive financing support such as (i) borrowing of funds from any Interested Person in the course of our Group's day-to-day operational requirements, including shipbuilding activities, purchase of vessels and import of machineries and engines of the ship, as well as (ii) corporate guarantee by the AVIC Subsidiaries to help our Group secure further contracts in relation to its ship-trading and shipbuilding business.

For the avoidance of doubt, there will be no sale or purchase of any assets, undertakings or businesses within the scope of the IPT Mandate. The IPT Mandate will also not cover any transaction with an Interested Person that is below S\$100,000 in value as the threshold and aggregation requirements of Chapter 9 of the Listing Manual would not apply to such transactions. Finally, transactions with other interested persons (other than the class of Interested Persons detailed in section 5 below) that do not fall within the ambit of the IPT Mandate will be subject to the relevant provisions of Chapter 9 of the Listing Manual and/or other applicable provisions of the Listing Manual.

### **2.3 EGM**

The Directors of the Company are proposing to convene an EGM to be held on Thursday, 26 April 2012 to seek Shareholders' approval for the proposed adoption of the IPT Mandate for transactions with AVIC Group.

### **2.4 Circular**

The purpose of this Circular is to provide Shareholders of the Company with information relating to the proposal to be tabled at the EGM.

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## LETTER TO SHAREHOLDERS

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### 3. THE PROPOSED ADOPTION OF IPT MANDATE

#### Chapter 9 of the Listing Manual

Under Chapter 9 of the Listing Manual (“**Chapter 9**”), where a listed company or any of its subsidiaries or associated companies that are defined as an “entity at risk” proposes to enter into a transaction with an “interested person”, an immediate announcement or an immediate announcement and shareholders’ approval is required in respect of that transaction if its value is equal to, or more than, certain financial thresholds. In particular, an immediate announcement is required where:

- (a) the transaction is of a value equal to, or more than, 3% of the group’s latest audited NTA; or
- (b) the aggregate value of all transactions entered into with the same interested person during the same financial year amounts to 3% or more of the group’s latest audited NTA.

Further, shareholders’ approval (in addition to an immediate announcement) is required where:

- (a) the transaction is of a value equal to, or more than, 5% of the group’s latest audited NTA; or
- (b) the transaction, when aggregated with other transactions entered into with the same interested person during the same financial year, is of a value equal to, or more than, 5% of the group’s latest audited NTA.

The above requirements for immediate announcement and/or for shareholders’ approval do not apply to any transaction below S\$100,000, and certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested person and hence excluded from the ambit of Chapter 9 of the Listing Manual.

The definitions of certain terms which are used in Chapter 9 of the Listing Manual (such as “**entity at risk**”, “**interested person**” and “**associate**”) are set out in **Appendix A** of this Circular. Rule 920 of the Listing Manual permits a listed company to seek a general mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials (but not in respect of the purchase or sale of assets, undertakings or businesses) that may be carried out with the listed company’s interested persons. A general mandate is also subject to annual renewal.

Based on the latest audited consolidated accounts of the Group for the financial year ended 31 December 2011, the consolidated NTA of the Group as at 31 December 2011 was approximately RMB142.3 million. Accordingly, 5% of the latest consolidated NTA of the Group as at 31 December 2011 would be approximately RMB7.1 million.

### 4. RATIONALE FOR THE IPT MANDATE

AVIC Shipbuilding Management Business was a business division of AVIC International Beijing, a subsidiary of AVIC International. AVIC International Beijing began to provide M&C Services in 1994, and secured shipbuilding contracts when a ship-buyer ordered five 21,000 DWT MPP Ships through AVIC International’s marketing network. In 2010, AVIC Shipbuilding Management Business began to provide marketing and consultancy services to a shipyard within AVIC Group.

In accordance with the Undertaking given by AVIC International and AVIC International Beijing, the existing shipbuilding business will be consolidated at our Group level within two years of Listing. We will continue to provide marketing and consultancy services to the shipyards within AVIC Group to boost their market presence before acquisitions pursuant to the Undertaking which will be subject to governmental and regulatory approvals.

We will continue to leverage on AVIC Group’s existing overseas network in securing shipbuilding contracts and expanding our business activities globally. We may also outsource shipbuilding activities to the shipyards within AVIC Group.

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## LETTER TO SHAREHOLDERS

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The above may lead to management consultancy service agreements, agency agreements, assignment agreements and shipbuilding contracts being entered into between our Group and any member of the AVIC Group.

It is envisaged that in the ordinary course of their businesses, transactions between our Group and any member of the AVIC Group will occur from time to time. Such transactions would include, but are not limited to:

- (a) Provision of project management services to AVIC Group;
- (b) Provision of marketing and consultancy services to the shipyards within AVIC Group;
- (c) Provision of services to the shipyards within AVIC Group in securing shipbuilding contracts;
- (d) The sale or purchase of vessels to/from AVIC Group;
- (e) The outsourcing of shipbuilding activities to the shipyards within AVIC Group ;
- (f) Receiving financing support and/or corporate guarantee from the AVIC Group.

The nature and scope of transactions which are proposed to be covered under the proposed IPT Mandate are detailed in section 2.2 above.

The Directors believe that transacting with the members of AVIC Group will provide our Group with more visibility in the global market, establish relationships with more reputable ship-buyers, build up its management team and increase internal expertise in shipbuilding related business, and consequently, our Group will be better-placed to expand our corporate presence and increase our market share globally.

As far as receiving financing support and/or corporate guarantee is concerned, AVIC Group will continue to give support to our Group, which may be through corporate guarantee, getting loans and/or procuring the issuance of refund guarantees by bank, as well as assist the ship-buyers in obtaining financing, when required. These financing support will be on terms not less favourable than those applicable to similar borrowings procured from unrelated financial institutions.

In view of the time-sensitive nature of commercial transactions, the IPT Mandate pursuant to Chapter 9 of the Listing Manual will enable the Group in the ordinary course of its business, to enter into the categories of Interested Person Transactions as set out in section 2.2 above with AVIC Group, provided such Interested Person Transactions are undertaken on an arm's length basis and on normal commercial terms.

### **5. CLASS OF INTERESTED PERSON**

The IPT Mandate will apply to Interested Person Transactions (as described in section 2.2 above) which are carried out between any entity in the Group with any member of the AVIC Group.

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## LETTER TO SHAREHOLDERS

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### 6. BENEFITS TO SHAREHOLDERS

The IPT Mandate will eliminate the need for the Company to announce, or to announce and convene separate general meetings on each occasion to seek Shareholders' prior approval for the entry by the relevant entity in our Group into such Interested Person Transactions. This will substantially reduce the expenses associated with the convening of general meetings (including the engagement of external advisers and preparation of documents) on an *ad hoc* basis, will improve administrative efficacy considerably, and will allow manpower resources and time to be channeled towards attaining other business objectives available to the Company.

The IPT Mandate is intended to facilitate Interested Person Transactions in the normal course of business of our Group, which are recurrent in nature or necessary for the day-to-day operations of the Group, and which may be transacted from time to time with the Interested Persons, provided that they are carried out on an arm's length basis and on normal commercial terms, and are not prejudicial to the interests of the Company and its minority Shareholders.

### 7. GUIDELINES AND REVIEW PROCEDURES FOR INTERESTED PERSON TRANSACTIONS

#### (a) Review Procedures

Having regard to the nature of the Interested Person Transactions and the criteria in establishing the review procedures which are to ensure that such review procedures are adequate and/or commercially practicable in ensuring that the Interested Person Transaction is carried out on normal commercial terms, is in the interests of the Company and is not prejudicial to the interests of the Company and the minority Shareholders, the following review procedures will be implemented:

- (i) all Interested Person Transactions shall be conducted in accordance with the Group's usual business practices and policies, consistent with the usual margins or prices extended to or received by the Group for the same or substantially similar type of transactions between the Group and unrelated third parties, and the terms are not more favourable to the Interested Person compared to those extended to or received from unrelated third parties;
- (ii) in the case of the sale of vessels and/or the provision of services, the prices or fees of such transactions shall not be lower than the lowest price or fee of two other successful transactions to non-interested persons reasonably contemporaneous in time, taking into account all pertinent factors, including but not limited to quantity, quality, customer requirement, specifications, delivery time, strategic purpose of the transaction and track record;
- (iii) in the event where it is impractical or impossible to obtain comparable prices of contemporaneous transactions of similar goods or services due to the nature of the goods or services to be purchased or provided, any one of the executive officers and one director of the Company with no interest, direct or indirect, in the proposed Interested Person Transaction will, subject to the Approval Thresholds as set out in section 7(b) of this Circular, evaluate and weigh the benefits of, and rationale for transacting with the Interested Persons, taking into account factors such as, but not limited to, the nature of the services, delivery schedules, order quantities, customer requirements and specifications, duration of contract, and preferential rates;
- (iv) in relation to AVIC Group providing financing support and/or corporate guarantees to our Group:
  - (aa) the extension of loans by the Interested Person should be at rates and on conditions no less favourable than those quoted by unrelated financial institutions;

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## LETTER TO SHAREHOLDERS

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- (bb) in relation to the provision of guarantees, indemnities or securities by the Interested Person, any commission rates (if any) which are chargeable by the Interested Person for the provision of such guarantees, indemnities or securities shall be at rates no less favourable than that quoted by unrelated financial institutions;
- (cc) prior to the entry of the transaction(s) with the Interested Person, contemporaneous quotes should be obtained (wherever possible or available) from at least two unrelated financial institutions for loan and commission rates, as the case may be, for an equivalent amount, and for the equivalent period, of the funds to be borrowed or the guarantees, indemnities or securities to be issued; and
- (dd) in cases where for any reason, quotations from less than two unrelated financial institutions or no quotations are received from any unrelated financial institutions, any one of the executive officers and one director of the Company with no interest, direct or indirect, in the proposed Interested Person Transaction (as the case may be) shall, subject to the Approval Thresholds as set out in section 7(b) of this Circular, take such necessary steps which would include but is not limited to, (i) reviewing available recent terms and conditions of comparable transactions and (ii) relying on corroborative inputs from market practitioners in order to determine that the terms and conditions provided by the Interested Person are fair and reasonable and are no less favourable than terms which would be offered to the Company or members of the Group by unrelated third party financiers.

### **(b) Approval Thresholds**

In addition to the guidelines and review procedures set out in section 7(a) above, the following approval procedures will be implemented to supplement existing internal control procedures for the Interested Person Transactions to ensure that such transactions are undertaken on an arms' length basis and on normal commercial terms:

- (i) the review and approval of any one of the executive officers and one director of the Company (with no interest, direct or indirect, in the proposed Interested Person Transaction) is required for any proposed Interested Person Transaction where the value thereof is below three per cent. (3%) of the audited NTA (based on the latest audited consolidated accounts) of the Group; and
- (ii) the review and approval of the Audit Committee is required for any proposed Interested Person Transaction where the value thereof is equal to, or above three per cent. (3%) of the audited NTA (based on the latest audited consolidated accounts) of the Group.

The Approval Thresholds set out above are adopted by the Company taking into account, inter alia, the nature, volume, recurrent frequency and size of the transactions as well as the Group's day-to-day operations, administration and businesses. The threshold limits are arrived at as a result of the balancing exercise after considering the operational efficiency for the day-to-day business operations of the Group and the internal control for Interested Person Transactions. The Approval Thresholds act as an additional safeguard to supplement the review procedures which will be implemented by the Company for Interested Person Transactions.

If any person has an interest in a transaction falling within a category of transactions to be reviewed or approved by him/her, he/she will abstain from any decision making in respect of that transaction.

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## LETTER TO SHAREHOLDERS

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### (c) Register of Interested Person Transactions

The Company will maintain a register of Interested Person Transactions carried out with Interested Persons pursuant to the IPT Mandate (recording the basis, including the quotations obtained to support such basis, on which they were entered into), and will be reviewed by external auditors on an annual basis to ascertain that the guidelines and procedures established to monitor Interested Person Transactions (including the guidelines and review procedures set out at sections 7(a) and 7(b) which are proposed to be established in respect of the Interested Person Transactions) have been complied with.

### (d) Reviews by Audit Committee

As mentioned under section 7(c) above, the Audit Committee shall review the reports of the register of Interested Person Transactions on quarterly basis (or such other more frequent basis as may be required or as the Audit Committee may deem necessary) to ascertain that the established review procedures to monitor the Interested Person Transactions (including the guidelines and review procedures set out at sections 7(a) and 7(b) which are proposed to be established in respect of the Interested Person Transactions) have been complied with. All relevant non-quantitative factors will also be taken into account. Such review includes the examination of the transactions and its supporting documents or such other data deemed necessary by our Audit Committee. Our Audit Committee may request for any additional information pertaining to the transactions under review from independent sources, advisers or values as they deem fit.

If during these reviews by the Audit Committee, the Audit Committee is of the view that the established review procedures as stated above have become inappropriate or insufficient in view of changes to the nature of, or the manner in which, the business activities of the Company are conducted, it will take such actions as it deems appropriate and/or institute additional procedures as necessary (such as, where relevant, to obtain a fresh mandate for Interested Person Transactions by the Company) to ensure that the mandated Interested Person Transactions will be conducted based on the Company's normal commercial terms and hence, will not be prejudicial to the interests of the Company and its minority Shareholders.

If any member of the Audit Committee has an interest in a transaction, he shall abstain from participating in the review and approval process in relation to that transaction. The remaining member(s) of the Audit Committee undertaking the review and approval will provide his/their views and the basis for which he/they considers he/they will be able to satisfactorily discharge his/their duties in that respect.

In addition, the Board will also ensure that all disclosure, approval and other requirements on interested person transactions, including those required by prevailing legislation, the Listing Manual and relevant accounting standards, are complied with.

## 8. VALIDITY PERIOD OF THE IPT MANDATE

The IPT Mandate will take effect from the passing of the Ordinary Resolution, and will (unless revoked or varied by the Company in general meeting) continue in force until the next AGM. Approval from the Shareholders will be sought for the renewal of the IPT Mandate at the next AGM and at each subsequent AGM, subject to satisfactory review by the Audit Committee of its continued application to the transactions with the Interested Persons.

## LETTER TO SHAREHOLDERS

### 9. DISCLOSURE IN THE ANNUAL REPORT AND RESULTS ANNOUNCEMENT

The Company will announce the aggregate value (as determined by the Board) of transactions entered into with the Interested Persons pursuant to the IPT Mandate, for the quarterly financial periods which it is required to disclose pursuant to the Listing Manual, and within the time required for the announcement of such disclosure.

Disclosure will also be made in the Company's annual report of the aggregate value of transactions conducted with the Interested Persons pursuant to the IPT Mandate during the financial year, and in the annual reports for subsequent financial years that the IPT Mandate continues in force, in accordance with the requirements of Chapter 9 of the Listing Manual.

The name of the Interested Person and the corresponding aggregate value of the Interested Person Transactions will be presented in the following format:

Name of Interested Person	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)

### 10. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The existing issued share capital of the Company comprising 285,576,000 Shares as at the Latest Practicable Date, and the interests of Directors in the capital of the Company as recorded in the Register of Directors' Shareholdings pursuant to section 164 of the Companies Act are as follows:

	Direct Interest Number of Shares	Deemed Interest Number of Shares	Total Interest	Percentage of Total Shares in Issue
<b>Directors</b>				
Diao Weicheng	–	–	–	–
Li Jin	–	–	–	–
Zhang Wanping	–	–	–	–
Cheng Xuhui	–	–	–	–
Wu Weidong	–	–	–	–
Li Wei	–	–	–	–
Chong Teck Sin	–	–	–	–
Teng Cheong Kwee	–	–	–	–
Alice Lai Kuen Kan	–	–	–	–

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## LETTER TO SHAREHOLDERS

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As at the Latest Practicable Date, the interests of the Substantial Shareholders in the capital of the Company as recorded in the Register of Substantial Shareholders maintained pursuant to section 88 of the Companies Act are as follows:

Name of Substantial Shareholder	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
AVIC <sup>(1)</sup>	–	–	210,947,369	73.87
AVIC International <sup>(1)</sup>	–	–	210,947,369	73.87
AVIC International Beijing <sup>(1)</sup>	–	–	210,947,369	73.87
AVIC International Kairong <sup>(1)</sup>	210,947,369	73.87	–	–

**Note:**

- (1) AVIC holds 62.5% of the registered capital of AVIC International, which in turn holds the entire registered capital of AVIC International Beijing, which is the sole shareholder of AVIC International Kairong. AVIC, AVIC International and AVIC International Beijing are therefore deemed to be interested in the Shares held by AVIC International Kairong by virtue of section 7 of the Companies Act.

### 11. OPINION OF THE INDEPENDENT FINANCIAL ADVISER

Maybank KECF has been appointed as the independent financial adviser to the Independent Directors to opine on whether the methods and review procedures for the Interested Person Transactions as set out in section 7 of this Circular are sufficient to ensure that the Interested Person Transactions covered under the IPT Mandate will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

Maybank KECF is of the opinion that the methods and review procedures described in section 7 of this Circular are sufficient to ensure that the Interested Person Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

The IFA Letter dated 11 April 2012 is reproduced and appended as **Appendix B** to this Circular. Shareholders are advised to read the IFA Letter carefully.

### 12. STATEMENT OF THE AUDIT COMMITTEE

Having considered, inter alia, the terms, the rationale and the benefits of the proposed IPT Mandate in section 4 and 6 of this Circular, the Audit Committee has reviewed the guidelines and review procedures, as set out in section 7 of this Circular, proposed by the Company for determining the terms of the Interested Person Transactions, and is satisfied that the guidelines and review procedures for the Interested Person Transactions, as well as the annual reviews to be made by the Audit Committee in relation thereto, are sufficient to ensure that the recurrent Interested Person Transactions will be carried out on normal commercial terms in accordance with the Company's normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.



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## LETTER TO SHAREHOLDERS

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### 13. DIRECTORS' RECOMMENDATION

The Directors who are deemed to be non-interested for the purposes of making a recommendation to the Shareholders in respect of the proposed IPT Mandate are Mr. Teng Cheong Kwee, Mr. Chong Teck Sin, Ms. Alice Lai Kuen Kan and Mr Li Wei (collectively, the **"Recommending Directors"**).

Having fully considered the rationale for the proposed IPT Mandate in section 4 of this Circular, the Recommending Directors are unanimously of the opinion that the IPT Mandate is in the best interests of the Company. The Recommending Directors unanimously agree that the review procedures for determining the terms of the Interested Person Transactions as stated in section 7 of this Circular for Interested Person Transactions entered into pursuant to the IPT Mandate, as well as the quarterly reviews to be made by the Audit Committee in relation thereto, are sufficient to ensure that Interested Person Transactions will be made with the Group on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

Accordingly, the Recommending Directors unanimously recommend that Shareholders vote in favour of the Ordinary Resolution relating to the proposed IPT Mandate as set out in the Notice of EGM.

### 14. ACTION TO BE TAKEN BY SHAREHOLDERS

If a Shareholder is unable to attend the EGM and wishes to appoint a proxy or proxies to attend and vote on his behalf, he should complete, sign and return the accompanying Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the office of the Share Registrar of the Company, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623, not less than 48 hours before the time appointed for holding the EGM. The completion and return of the Proxy Form by a Shareholder will not prevent him from attending and voting in person at the EGM if he subsequently wishes to do so.

### 15. ABSTENTION FROM VOTING

In accordance with Rule 920(1)(b)(viii) of the Listing Manual, AVIC International, AVIC International Beijing and AVIC International Kairong being Interested Persons, will abstain, and have undertaken to ensure that its associates will abstain, from voting on the resolutions approving the proposed IPT Mandate herein.

Further, AVIC International, AVIC International Beijing and AVIC International Kairong undertake to decline, and shall ensure that its associates shall decline, to accept appointment as proxies to vote and attend at the forthcoming EGM in respect of the resolution relating to the proposed IPT Mandate for other Shareholders unless the Shareholder concerned shall have given specific instructions as to the manner in which his votes are to be cast at the EGM.

### 16. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the IPT Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in the Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context.

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## LETTER TO SHAREHOLDERS

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### 17. CONSENT

Maybank KECF has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, the IFA Letter set out in **Appendix B** and all references thereto in the form and context in which they appear in this Circular, and to act in such capacity in relation to this Circular.

### 18. DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Company during normal office hours up to and including the date of the EGM:

- (a) the Memorandum and Articles of Association of the Company;
- (b) copies of the audited annual report of the Company and the Group for the period from the date of incorporation, 11 November 2010 to 31 December 2011;
- (c) the IFA Letter; and
- (d) the letter of consent from the IFA.

Your faithfully,

For and on behalf of the Board of Directors of  
**AVIC International Investments Limited**

**Diao Weicheng**  
Executive Chairman

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## APPENDIX A - GENERAL INFORMATION RELATING TO CHAPTER 9 OF THE LISTING MANUAL

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### 1. INTRODUCTION

Chapter 9 of the Listing Manual applies to transactions between a party that is an entity at risk and a counter party that is an interested person. The objective of Chapter 9 of the Listing Manual is to guard against the risk that interested persons could influence a listed company, its subsidiaries or associated companies to enter into transactions with interested persons that may adversely affect the interests of the listed company or its shareholders.

The aforementioned terms “entity at risk”, “interested person” and “associated companies” as well as other terms used are defined below.

### 2. MAIN TERMS USED IN CHAPTER 9 OF THE LISTING MANUAL

- (a) An “**approved exchange**” means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9 of the Listing Manual.
- (b) An “**associate**” means:
- (i) in relation to any director, chief executive officer or controlling shareholder (being an individual):
    - (aa) his immediate family;
    - (bb) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
    - (cc) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more.
  - (ii) in relation to a substantial shareholder or a controlling shareholder (being a company), means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more.
- (c) An “**associated company**” means a company in which at least 20% but not more than 50% of its shares are held by the listed company or group.
- (d) A “**chief executive officer**” means the most senior executive officer who is responsible under the immediate authority of the board of directors for the conduct of the business of the listed company.
- (e) A “**controlling shareholder**” of a listed company means a person who (i) holds directly or indirectly 15 per cent. or more of the voting rights in the listed company. The SGX-ST may determine that a person who satisfies this section is not a controlling shareholder; or (ii) a person who in fact exercises control over a company.
- (f) An “**entity at risk**” means:
- (i) the listed company;
  - (ii) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or

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## APPENDIX A - GENERAL INFORMATION RELATING TO CHAPTER 9 OF THE LISTING MANUAL

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- (iii) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed company and/or its subsidiaries (the “**listed group**”), or the listed group and its interested person(s), has control over the associated company.
- (g) An “**interested person**” means a director, chief executive officer or controlling shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder.
- (h) An “**interested person transaction**” means a transaction between an entity at risk and an interested person.

### 3. **MATERIALITY THRESHOLDS, DISCLOSURE REQUIREMENTS AND SHAREHOLDERS’ APPROVAL**

Except for certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested persons and are hence excluded from the ambit of Chapter 9 of the Listing Manual, immediate announcement and/or shareholders’ approval would be required in respect of transactions with interested persons if certain financial thresholds (which are based on the value of the transaction as compared with the listed company’s latest audited consolidated NTA) are reached or exceeded.

#### *Immediate Announcement*

An immediate announcement is required where the interested person transaction is of a value equal to, or more than, 3% of the group’s latest audited NTA. Where the aggregate value of all transactions entered into with the same interested person during the same financial year amounts to 3% or more of the group’s latest audited net tangible assets, the listed company must make an immediate announcement of the latest transaction and all future transactions entered into with the same interested person during that financial year.

#### *Shareholders’ Approval*

Shareholders’ approval is required where the interested person transaction is of a value equal to, or more than:

- (a) 5% of the listed group’s latest audited NTA; or
- (b) 5% of the listed group’s latest audited NTA, when aggregated with other transactions entered into with the same interested person during the same financial year. However, a transaction which has been approved by shareholders, or is the subject of aggregation with another transaction that has been approved by shareholders, need not be included in any subsequent aggregation.

The above requirements for immediate announcement and/or for shareholders’ approval do not apply to any transaction below S\$100,000.

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## APPENDIX B - IFA LETTER TO THE RECOMMENDING DIRECTORS

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### MAYBANK KIM ENG CORPORATE FINANCE PTE. LTD.

(Incorporated in the Republic of Singapore)  
(Company Registration Number: 200207700C)

11 April 2012

The Recommending Directors  
AVIC International Investments Limited

10 Collyer Quay  
#27-00 Ocean Financial Centre  
Singapore 049315

Dear Sirs

#### THE PROPOSED ADOPTION OF THE SHAREHOLDERS' GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS

##### 1 INTRODUCTION

AVIC International Investments Limited (the "**Company**") is proposing to adopt the shareholders' mandate (the "**IPT Mandate**") to enable the Company to enter into certain categories of transactions with the specified class of interested person (the "**Interested Person Transactions**"), details of which are set out in section 2 of the Circular to Shareholders dated 11 April 2012 (the "**Circular**"). This letter has been prepared for the use of the Recommending Directors (as defined in the Circular) to be incorporated into the Circular to be issued for the purposes of their consideration of the proposed adoption of the IPT Mandate. Unless otherwise defined, all terms in the Circular shall have the same meaning in this letter.

To comply with requirements of Chapter 9 of the Listing Manual, Maybank Kim Eng Corporate Finance Pte. Ltd. ("**Maybank KECF**") has been appointed as the independent financial adviser to provide an opinion on whether the methods and procedures set out in the IPT Mandate, if applied consistently, are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

##### 2 TERMS OF REFERENCE

The objective of this letter is to provide an independent opinion, for the purposes of Chapter 9 of the Listing Manual, on whether the methods and procedures set out in the IPT Mandate for the Interested Person Transactions as set out in section 7 of the Circular are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

Maybank KECF was not involved in any aspect of the discussions on the scope of the IPT Mandate, nor were we involved in the deliberations leading up to the decision by the Directors to obtain the IPT Mandate or the methods or procedures adopted by the Company for the Interested Person Transactions.

It is not within our terms of reference to evaluate or comment on the merits and/or associated risk, whether commercial, financial or otherwise of any Interested Person Transactions entered into or about to be entered into, and as such, we do not express an opinion thereon. Such evaluations or comments are and remain the sole responsibility of the Directors (as defined in the Circular) although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion.

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## APPENDIX B - IFA LETTER TO THE RECOMMENDING DIRECTORS

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In the course of our evaluation of the methods or procedures adopted in connection with the IPT Mandate, we have held discussions with certain members of the senior management team of the Company (the “**Senior Management**”) and have also relied on the information contained in the Circular. We have not independently verified such information furnished by the Senior Management or any representation or assurance made by them, whether written or verbal, and accordingly cannot and do not warrant or accept responsibility for the accuracy or completeness of such information, representation or assurance. Nevertheless, the Senior Management has confirmed to us that, to the best of their knowledge and belief, the information provided to us (whether written or verbal) as well as the information contained in the Circular constitutes a full and true disclosure, in all material respects, of all material facts relating to the IPT Mandate and there is no material information the omission of which would make any of the information contained herein or in the Circular inaccurate, incomplete or misleading in any material respect.

We have also made reasonable enquiries and used our judgment in assessing such information and have found no reason to doubt the reliability of such information. We have further assumed that all statements of fact, belief, opinion and intention made by the Directors in the Circular have been reasonably made after due and careful enquiry. We have not conducted a comprehensive review of the business, operations or financial condition of the Company or the Interested Person Transactions as described in the Circular.

Our opinion as set out in this letter, is based on the market, economic, industry, monetary and other conditions subsisting on, and the information made available to us as at the Latest Practicable Date. Such conditions may change significantly over a relatively short period of time and we assume no responsibility to update, revise or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained therein.

Our opinion is delivered solely for the use and benefit of the Recommending Directors for its deliberation on the IPT Mandate, and recommendations made by the Recommending Directors shall remain the responsibility of the Recommending Directors.

In arriving at our opinion and advice, we have not had regard to the specific investment objectives, financial situation, tax position or unique needs and constraints of any individual Shareholder or specific group of Shareholders. We recommend that any individual Shareholder or specific group of Shareholders who may require specific advice in relation to his or their investment portfolio(s) should consult his or their legal, financial, tax or other professional adviser.

We are not required to conduct and have not conducted any review of the historical or current Interested Person Transactions carried out by the Company. Accordingly, we do not express any opinion on whether such Interested Person Transactions were or are in compliance with the review procedures set out under the IPT Mandate. The implementation of such review procedures remains the responsibility of the Directors.

We are not required or authorised to obtain, and we have not obtained, any quotations or transaction prices from third parties for products or services similar to those which are to be covered by the IPT Mandate, and therefore are not able to, and did not, compare the Interested Person Transactions with similar transactions with third parties.

The Directors have collectively and individually accepted responsibility for the accuracy of the information contained in the Circular (other than this letter), and have confirmed, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated in the Circular are fair and accurate as at the date of the Circular and there are no material facts the omission of which would make any statement in the Circular misleading.

The Company has been separately advised by its own advisers in the preparation of the Circular (other than this letter). We have had no role or involvement and have not provided any advice, financial or otherwise whatsoever in the preparation, review and verification of the Circular (other than this letter). Accordingly, we take no responsibility for and state no views, express or implied, on the contents of the Circular (other than this letter).

**Our opinion in relation to the IPT Mandate, as set out in section 11 of the Circular should be considered in the context of the entirety of this letter and the Circular.**

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## APPENDIX B - IFA LETTER TO THE RECOMMENDING DIRECTORS

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### 3 THE IPT MANDATE

#### (a) Background

It is anticipated that the Group (as defined in the Circular) will, in the ordinary course of business, enter into Interested Person Transactions with the Interested Persons (as set out in section 2.1 of the Circular). The Interested Person Transactions are recurring transactions and are expected to occur with some degree of frequency, at any time and from time to time.

In view of the frequent nature of such Interested Person Transactions, the Directors are seeking the approval of Shareholders, pursuant to Chapter 9 of the Listing Manual, for the IPT Mandate to allow the Group or any of its members to enter into such Interested Person Transactions with the Interested Persons, provided that such Interested Person Transactions are made at arm's length, on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

The IPT Mandate does not cover any Interested Person Transactions which has a value of below S\$100,000 as the threshold and aggregation requirements of Chapter 9 of the Listing Manual would not apply to such transactions.

#### (b) Interested Person Transactions

Salient information on the Interested Persons Transactions including:

- (i) the classes of Interested Persons;
- (ii) the nature and scope of the IPT Mandate;
- (iii) the rationale and benefits of the IPT Mandate; and
- (iv) the review procedures for the Interested Person Transactions

are set out in section 2, section 4, section 5, section 6 and section 7 of the Circular.

#### (c) Validity Period of the IPT Mandate

If approved at the EGM, the IPT Mandate will take effect from the date of the passing of the Ordinary Resolution relating to the IPT Mandate to be proposed at the forthcoming EGM and will (unless revoked or varied by the Company in a general meeting) continue to be in force until the next AGM to be held in 2013. The Company will seek the approval of Shareholders for the renewal of the IPT Mandate annually, subject to satisfactory review by the Audit Committee of the continued applications to the Interested Persons Transactions with the Interested Persons.

#### (d) Disclosure in the Annual Report and Results Announcement

Disclosure will be made in the Company's annual report and results announcement of the aggregate value of transactions conducted with the Interested Persons pursuant to the IPT Mandate during the relevant financial period which the Company is required to report pursuant to the Listing Manual and within the time required for the announcement of such reports during which the IPT Mandate is in force.

Disclosure will also be made in the Company's annual report of the aggregate value of transactions conducted with the Interested Persons pursuant to the IPT Mandate during the financial year, and in the annual reports for subsequent financial years that the IPT Mandate continues in force, in accordance with the requirements of Chapter 9 of the Listing Manual.

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## APPENDIX B - IFA LETTER TO THE RECOMMENDING DIRECTORS

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### (e) Other Transactions with Interested Persons

The Recommending Directors should note that any transaction with the Interested Persons which does not fall within the ambit of the IPT Mandate as set out in section 2.2 of the Circular and in respect of which approval is sought from the Shareholders at the EGM shall be subject to the relevant provisions of Chapter 9 of the Listing Manual and/or other applicable provisions of the Listing Manual.

Such transactions will, unless specifically excluded from the ambit of Chapter 9 of the Listing Manual, require an immediate announcement where:

- (i) the transaction is of a value equal to, or more than, 3% of the Group's latest audited consolidated net tangible assets; or
- (ii) the aggregate value of all transactions entered into with the same Interested Persons during the same financial year amounts to 3% or more of the Group's latest audited consolidated net tangible assets.

Shareholders' approval (in addition to an immediate announcement) is required where:

- (i) the transaction is of a value equal to, or more than, 5% of the Group's latest audited consolidated net tangible assets; or
- (ii) the transaction, when aggregated with other transactions entered into with the same Interested Persons during the same financial year, is of a value equal to, or more than 5% of the Group's latest audited consolidated net tangible assets.

## 4 CONCLUSION

In arriving at our opinion on whether the methods and procedures for the Interested Person Transactions, for the purposes of the IPT Mandate, as set out in section 7 of the Circular, are sufficient to ensure that the Interested Person Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders, we have considered the following:

- (i) the classes of Interested Persons;
- (ii) the nature and scope of the IPT Mandate;
- (iii) the rationale and benefits of the IPT Mandate; and
- (iv) the review procedures for the Interested Person Transactions.

**Based on the analysis undertaken and subject to the qualifications and assumptions made herein, Maybank KECF is of the opinion that, the current methods and procedures for the Interested Person Transactions as set out in section 7 of the Circular, are sufficient to ensure that the Interested Person Transaction under the IPT Mandate will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.**



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## **APPENDIX B - IFA LETTER TO THE RECOMMENDING DIRECTORS**

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We have prepared this letter solely for the use of the Recommending Directors of the Company in connection with and for the purpose of their consideration of the IPT Mandate and for inclusion in the Circular. This letter may only be reproduced, disseminated or quoted in the form and in the context in which it appears in the Circular, or with the prior written consent of Maybank KECF.

The opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully  
For and on behalf of  
**Maybank Kim Eng Corporate Finance Pte. Ltd.**

**Len Wee**  
Executive Director, Co-Head

**James Kho CFA**  
Senior Vice President

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### AVIC INTERNATIONAL INVESTMENTS LIMITED

(Incorporated in the Republic of Singapore)  
(Company registration no. 201024137N)

**NOTICE IS HEREBY GIVEN** that an Extraordinary General Meeting of **AVIC INTERNATIONAL INVESTMENTS LIMITED** (the “**Company**”) will be held at 3:00 p.m. on Thursday, 26 April 2012 at Suntec Singapore International Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Meeting Room 203, Level 2, Singapore 039593 (or immediately after the conclusion or adjournment of the Annual General Meeting of the Company to be held at 2:00 p.m. on the same day and at the same venue, whichever is the later) for the purpose of considering and, if thought fit, passing with or without modifications, the following Resolution, which will be proposed as an Ordinary Resolution:

#### **ORDINARY RESOLUTION – THE PROPOSED ADOPTION OF THE INTERESTED PERSON TRANSACTION MANDATE**

That:

- (1) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual (“**Chapter 9**”) of the Singapore Exchange Securities Trading Limited, in particular for the purposes of Rule 920 of the Listing Manual in relation to a general mandate from the Shareholders, for the Company, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9), or any of them, to enter into any of the transactions falling within the types of interested person transactions described in the Company’s Circular to Shareholders dated 11 April 2012 (the “**Circular**”) with AVIC Group, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such interested person transactions;
- (2) the approval given in paragraph (1) above (the “**IPT Mandate**”) shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company; and
- (3) the Directors of the Company and any of them be and are hereby authorised to complete and do all such acts and things (including execution all such documents as may be required) as they or he may consider expedient or necessary or in the interests of the Company to give effect to the transactions contemplated and/or authorised by the IPT Mandate and/or this Resolution.

BY ORDER OF THE BOARD

Yap Lian Seng  
Company Secretary  
11 April 2012  
Singapore

**Notes:**

- (a) *Every Shareholder of the Company entitled to attend and vote at the Extraordinary General Meeting may appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.*
- (b) *The instrument appointing a proxy must be deposited at the office of the Share Registrar of the Company, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623, not less than 48 hours before the time appointed for holding the Extraordinary General Meeting or any postponement or adjournment thereof. Completion and return of the proxy form by a member will not prevent him from attending and voting at the Extraordinary General Meeting if he so wishes. In such event, the relevant proxy form will be deemed to be revoked.*
- (c) *The instrument appointing a proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instruction appointing a proxy is executed by a corporation, it must be executed either under its seal or under the hand of any officer or attorney duly authorised.*

## PROXY FORM

### AVIC INTERNATIONAL INVESTMENTS LIMITED

(Incorporated in the Republic of Singapore)  
(Company Registration No. 201024137N)

### PROXY FORM

(Please see notes overleaf before completing this Form)

#### IMPORTANT

1. For investors who have used their CPF monies to buy AVIC INTERNATIONAL INVESTMENTS LIMITED shares, this Circular to Shareholders dated 11 April 2012 is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

I/We\*, \_\_\_\_\_ (name)

of \_\_\_\_\_ (address)

being a member/members of AVIC International Investments Limited (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing \*him/her, the Chairman of the Extraordinary General Meeting, as \*my/our \*proxy/proxies to attend and to vote for \*me/us on \*my/our behalf and, if necessary, to demand a poll at the Extraordinary General Meeting of the Company to be held at 3.00 p.m. on Thursday, 26 April 2012 at Suntec Singapore International Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Meeting Room 203, Level 2, Singapore 039593 (or immediately after the conclusion or adjournment of the Annual General Meeting of the Company to be held at 2.00 p.m. on the same day and at the same venue, whichever is later).

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the resolutions as set out in the Notice of Extraordinary General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as \*he/they may think fit, as \*he/they will on any other matter arising at the Extraordinary General Meeting).

Ordinary Resolution	For	Against
To approve the proposed adoption of the Interested Person Transactions Mandate		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2012

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

\_\_\_\_\_  
Signature of Shareholder(s)  
or, Common Seal of Shareholder

\*Delete where inapplicable

**IMPORTANT: PLEASE READ NOTES OVERLEAF**



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## PROXY FORM

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### Notes:

1. Please insert the total number of Shares held by you. If you have shares entered against your name in the Depository Register (as defined in section 130A of the Singapore Companies Act, Chapter 50), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
2. A member of the Company entitled to attend and vote at the Extraordinary General Meeting of the Company is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.
3. Where a member appoints more than one proxy, the member must specify the proportion of shareholdings (expressed as a percentage of the whole) to be represented by each proxy. If no proportion of shareholdings is specified, the proxy whose name appears first shall be deemed to carry 100% of the shareholdings of his appointor and the proxy whose name appears after shall be deemed to be appointed in the alternate.
4. If the instrument appointing a proxy is returned without any indication as to how the proxy shall vote, the proxy shall vote or abstained as he thinks fit.
5. If the instrument appointing a proxy is returned without the name of proxy indicated, the instrument appointing a proxy shall be invalid.
6. If the appointor is an individual, the instrument appointing a proxy shall be signed by the appointor or his attorney.
7. If the appointor is a corporation, the instrument appointing a proxy shall be either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with section 179 of the Singapore Companies Act, Chapter 50.
8. The signature on the instrument appointing a proxy need not be witnessed. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument appointing a proxy, failing which the instrument may be treated as invalid.
9. The instrument appointing a proxy must be deposited at the office of the Share Registrar of the Company, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623, not less than forty-eight (48) hours before the time appointed for holding of the Extraordinary General Meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used.

### General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at forty-eight (48) hours before the time appointed for holding the Extraordinary General Meeting, as certified by The Central Depository (Pte) Limited to the Company.