



AVIC International Investments Limited

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PRESS RELEASE

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AVIC International Investments posts 1Q2012 revenue of RMB6.8 million

- *Registers loss of RMB0.4 million in 1Q2012*
- *Secured a US\$60 million contract at the end of March 2012 for the construction of five service vessels*
- *Group is on track to integrate AVIC International's shipbuilding and ship-trading activities under its wing*

For the period ended 31 March

RMB' million	1Q2012	1Q2011	Change (%)
Revenue	6.8	13.5	(49.7)
Profit from Operations	0.8	1.9	(55.4)
Net Loss	(0.4)	(0.9)	(59.5)

SINGAPORE – 2 May 2012 – PRC-based shipbuilding project management and consultancy (“M&C”) services provider, **AVIC International Investments Limited** (“AVIC Singapore”, and together with its subsidiaries, the “Group”) (中航国际投资有限公司), which is a member of the Aviation Industry Corporation of China (“AVIC”) (中国航空工业集团公司) group of companies (the “AVIC Group”), has posted a revenue of RMB6.8 million for the three months ended 31 March 2012 (“1Q2012”) compared to RMB13.5 million achieved in the financial period ended 31 March 2011 (“1Q2011”).

In 1Q2012, there was a decline in service fee income derived from the provision of shipbuilding project M&C services as well as management services. One unit of 92,500 DWT bulk carrier and one unit of 28,000 DWT MPP Ship were delivered in the reporting quarter. At the end of March 2012, the Group secured a US\$60 million contract for the construction of five service vessels, which is expected to contribute to the Group's revenue in future quarters.

The Group recorded lower net loss of RMB0.4 million in 1Q2012 compared to a net loss of RMB0.9 million in 1Q2011, mainly due to one-off professional fees and miscellaneous charges for the purpose of the Group's Mainboard listing in 2011.

Commenting on the Group's 1Q2012 results, AVIC Singapore's Executive Chairman Dr Diao Weicheng (刁伟程) said, "We are pleased that we managed to secure a new US\$60 million contract for five service vessels at the end of March 2012. The latest contract win is expected to contribute positively to the Group's earnings for FY2012 and FY2013. Apart from developing our existing shipbuilding project M&C business, we plan to expand into ship-design, shipbuilding and ship-trading related businesses to capture greater growth opportunities. We will leverage on AVIC Group's excellent business relationships, strong fundamentals and extensive network to expand along this value chain."

"We also intend to work with ship-design houses or institutes to develop research and development capabilities, especially in the area of technologically-advanced and environmentally-friendly vessels. In spite of the challenging environment faced by the global shipping industry, we believe there is still a demand for environmentally-friendly and higher efficiency vessels, especially LNG and LPG carriers, chemical tankers and offshore vessels. Our plan is to consolidate the shipbuilding and ship-trading related activities of AVIC International Holding Corporation ("AVIC International") (中国航空技术国际控股有限公司), the majority shareholder of AVIC Singapore, under the Group. We may also, as part of the plan, incorporate a subsidiary in Shanghai as a platform for this consolidation," added Dr Diao.

AVIC International recently appointed Dr Diao as the Vice President of AVIC International, whereby he is responsible for the ship-trading, ship-building and EPC (engineering, procurement and construction) businesses within AVIC International's group of companies. Dr Diao has also been re-designated as Executive Chairman of AVIC Singapore. In his new capacity, Dr Diao will have the authority to consolidate all of AVIC International's shipping-related businesses under AVIC Singapore.

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About AVIC International Investments Limited

AVIC International Investments Limited ("AVIC Singapore") is an investment holding company for strategic investments in shipbuilding and ship-trading industry. It is a member of the PRC Central Government-owned Aviation Industry Corporation of China group of companies (the "AVIC Group"). Ranked 311 amongst international Fortune 500 companies in 2011, the AVIC Group is one of the largest industrial groups owned and managed by the Central Government of the PRC.

AVIC Singapore and its subsidiaries (the "Group") currently provide shipbuilding project management and consultancy ("M&C") services, and plan to diversify into the ship design, shipbuilding and ship-trading related business.

The Group currently works with established shipyards in the PRC as co-sellers, where the shipyard is responsible for the construction of the vessels and the Group undertakes the non-construction aspects of the shipbuilding project. The Group out-sources the design of vessels to several renowned ship-design institutes in the PRC. As part of the state-owned AVIC Group, it has strong support from major PRC financial institutions and has been able to assist shipyards and the shipowners in obtaining financing, when required.