CHINA MERCHANTS INDUSTRY INVESTMENT LIMITED

(Company Registration No. 2200879)

14 January 2020

To: The Dissenting Shareholders / Non-Assenting Shareholders of AVIC International Maritime Holdings Limited

Dear Sir/Madam

Compulsory Acquisition of Shares in AVIC International Maritime Holdings Limited (the "Company") pursuant to Section 215(1) of the Companies Act, Chapter 50 of Singapore ("Companies Act") by China Merchants Industry Investment Limited (the "Offeror") and rights pursuant to Section 215(3) of the Companies Act

1. Introduction

1.1 Offer. We refer to the offer document (the "**Offer Document**") dated 25 November 2019 (the "**Commencement Date**") in relation to the voluntary conditional cash offer (the "**Offer**") by us for all of the issued and paid-up ordinary shares in the capital of the Company ("**Shares**"), other than those Shares already owned, controlled or agreed to be acquired by the Offeror. The Offer was declared unconditional in all respects on 26 November 2019. All capitalised terms used and not defined herein shall have the same meanings given to them in the Offer Document.

If you have already (a) accepted the Offer in respect of all your Shares by completing and returning a valid Form of Acceptance and Authorisation for Shares and/or a valid Form of Acceptance and Transfer for Shares, or (b) sold all your Shares on the Singapore Exchange Securities Trading Limited ("SGX-ST") prior to the date of this letter, please disregard this letter and the accompanying Form 57 and Form 58 (each as defined below).

1.2 Holdings of Shares. As announced on 6 January 2020, as at 5.30 p.m. (Singapore time) on 6 January 2020, the total number of Shares owned, controlled or agreed to be acquired by us and parties acting or deemed to be acting in concert with us (including valid acceptances of the Offer) amount to an aggregate of 259,651,426 Shares, representing approximately 90.92 per cent. of all the Shares in issue.

1.3 Compulsory Acquisition. As we have received valid acceptances pursuant to the Offer or otherwise acquired Shares following the Commencement Date other than through valid acceptances of the Offer in respect of not less than 90 per cent. of the total number of issued Shares (other than those already held by us, our related corporations or respective nominees as at the Commencement Date), we are entitled, and as stated in the Offer Document and announced on 3 January 2020, intend, to exercise our right of compulsory acquisition under Section 215(1) of the Companies Act to compulsorily acquire all the Shares of Shareholders who have not accepted the Offer at the Offer Price of S$0.15 in cash for each Share and on the same terms and conditions of the Offer (the "**Consideration**"). We will then proceed to delist the Company from the SGX-ST.

2. Compulsory Acquisition under Section 215(1) of the Companies Act

2.1 Dissenting Shareholders. According to the records maintained by The Central Depository (Pte) Limited ("**CDP**") and/or Boardroom Corporate & Advisory Services Pte. Ltd. (the "**Registrar**") as at 5.00 p.m. (Singapore time) on 8 January 2020 (being the latest practicable date prior to the printing of this letter), you have not accepted the Offer in respect of all your Shares. Accordingly, we are writing to inform you that we are exercising our right of compulsory acquisition under Section 215(1) of the Companies Act to acquire all the Shares held by you at the consideration of S$0.15 in cash for each Share that you own and on the same terms and conditions of the Offer. We enclose, for this purpose, a Notice to Dissenting Shareholder in the form prescribed under the Companies Act (the "**Form 57**").

2.2 Compulsory Acquisition. We will exercise the right of compulsory acquisition to acquire all the Shares held by you on or about 17 February 2020 (the "**Transfer Date**"), being the date after the expiration of one month from the date of the Form 57, subject to and on the terms set out in the enclosed Form 57 and the provisions of Section 215(4) of the Companies Act.

2.3 Registration of Transfer. Upon the settlement of the Consideration to the Company by us, the Company will cause to be transferred to us all the Shares held by you and register us as the holder of all those Shares as soon as practicable. The Consideration will be credited by the Company into a separate bank account and held by the Company in trust for you.

2.4 Adjustments for Distribution. Without prejudice to the foregoing, the Offer Price, and accordingly the Consideration, has been determined on the basis that the Shares will be acquired with the right to receive any dividends, rights, other distributions and/or return of capital (if any) declared, paid or made by the Company in respect of the Shares (collectively, "**Distributions**") that may be declared, paid or made by the Company on or after 27 August 2019 (i.e. the date on which we announced our pre-conditional voluntary cash offer for all the Shares) (the "**Pre-Conditional Offer Announcement Date**").

Accordingly, in the event any Distribution is or has been declared, paid or made by the Company in respect of the Shares on or after the Pre-Conditional Offer Announcement Date, the Consideration payable to you shall be reduced by an amount which is equal to the amount of such Distribution, depending on when the settlement date in respect of your Shares compulsorily acquired by us falls, as follows:

(a) if such settlement date falls on or before the books closure date for the determination of entitlements to the Distribution (the "**Books Closure Date**"), the Consideration shall remain unadjusted for each Share, as we will receive the Distribution in respect of such Share from the Company; or

(b) if such settlement date falls after the Books Closure Date, the Consideration for each Share shall be reduced by an amount which is equal to the amount of the Distribution in respect of each Share, as we will not receive the Distribution in respect of such Share from the Company.

2.5 **Settlement.** Subject to and in accordance with the provisions of Section 215(1) of the Companies Act and the terms set out in Form 57, as soon as practicable after the Transfer Date:

(a) if your Shares are held through a Securities Account maintained with CDP, CDP will, on our behalf, despatch remittances in the form of S$ crossed cheques for the appropriate aggregate amount of the Consideration payable in respect of all your Shares to you (or, if you hold Shares which are not deposited with CDP, your designated agent(s), as you may direct) by ordinary post, at your own risk, to your address as it appears in the records of CDP, or by such other manner as you may have agreed with CDP for the payment of any cash distributions; and

(b) if your Shares are held in scrip form, the Registrar will, on our behalf, despatch a cheque for the appropriate aggregate amount of the Consideration payable in respect of all your Shares to you by ordinary post, at your own risk, to your address as it appears in the register of holders of the Shares, as maintained by the Registrar.

2.6 **No Action Needed.** No action needs to be taken by you in relation to Form 57 to effect the transfer of your Shares and entitle you to payment, which will be made to you in accordance with paragraph 2.5 above.

3. Rights under Section 215(3) of the Companies Act

3.1 **Non-Assenting Shareholder.** Under Section 215(3) of the Companies Act, you have the right to require us to acquire your Shares. In connection therewith, a Notice to Non-Assenting Shareholder in the form prescribed under the Companies Act (the "**Form 58**") is enclosed with this letter. You may, within three months from the date of the Form 58 (that is, by 14 April 2020), require us to acquire your Shares and we shall be entitled and bound to acquire your Shares at the Consideration (or otherwise in accordance with Section 215(3) of the Companies Act).

3.2 **No Action Required. As we will be proceeding to compulsorily acquire your Shares pursuant to Section 215(1) of the Companies Act, you need not take any action in relation to the Form 58.** Shareholders who nevertheless wish to exercise their right under Section 215(3) of the Companies Act are advised to seek their own independent legal advice.

4. Delisting

4.1 **Listing Status of the Company.** Rule 723 of the Catalist Rules requires the Company to ensure that at least 10 per cent. of the total number of Shares (excluding treasury shares) is at all times held by the public (the "**Free Float Requirement**"). As announced on 3 January 2020, the Free Float Requirement is no longer satisfied and, as stated in the Offer Document, we have no intention of preserving the listing status of the Company and of undertaking or supporting any action to satisfy the Free Float Requirement or for any trading suspension by the SGX-ST to be lifted.

4.2 Pursuant to Rule 1303(1) of the Catalist Rules, trading of the Shares on the SGX-ST has been suspended on 7 January 2020. The Company will be delisted from the SGX-ST upon the completion of the compulsory acquisition exercise under Section 215(1) of the Companies Act as described in this letter. The date on which the Company will be delisted from the SGX-ST will be announced in due course.

5. General

If you are in any doubt about any of the matters referred to in this letter, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

6. Responsibility Statement

The Offeror Directors and the CMIH Directors (including any director who may have delegated detailed supervision of the preparation of this letter) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this letter are fair and accurate and that no material facts have been omitted from this letter, the omission of which would make any statement herein misleading, and they jointly and severally accept responsibility accordingly.

Where any information has been extracted or reproduced from published or otherwise publicly available sources (including, without limitation, in relation to the Company and its subsidiaries), the sole responsibility of the Offeror Directors and the CMIH Directors has been to ensure, through reasonable enquiries, that such information has been accurately and correctly extracted from such sources or, as the case may be, reflected or reproduced in this letter.

Yours faithfully
For and on behalf of
China Merchants Industry Investment Limited



Zha Delong
Director

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