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**AVIC Joy Holdings (HK) Limited**

**幸福控股(香港)有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 260)**

**PROFIT WARNING**

This announcement is made by AVIC Joy Holdings (HK) Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) of Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Director(s)**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that based on the information currently available to the Board and the preliminary review of the latest unaudited consolidated management accounts of the Group, the Group is expected to record further increase in total loss for the year ended 31 December 2018 as compared to the total loss of approximately HK\$318 million for the year ended 31 December 2017.

The Board considers that the expected further increase in the total loss for the year ended 31 December 2018 is, among other things, primarily attributable to:

- (i) fair value losses of over HK\$200 million on the Group’s investment properties. The commercial property market in the People’s Republic of China (the “**PRC**”) demonstrated an overall downward trend in 2018 under the deteriorating global economy. The Group’s investment properties were revalued as at 31 December 2018 and losses on fair value changes of over HK\$200 million would be recorded for the year ended 31 December 2018 as compared with the fair value thereof as at 31 December 2017.

- (ii) Impairment loss of over HK\$400 million on the Group's intangible assets. In 2013, the Group and Fuqing Municipal People's Government entered into a master investment and construction agreement (the "MICCA") for the development of a real estate development project in Fuqing City, Fujian Province, the PRC (the "Project"). In November 2017, the Fuqing Municipal People's Government issued a notice to terminate the MICCA and revoke the Group's land development right in relation to the Project. While the Group filed a complaint in May 2018 to the court to require the Fuqing Municipal People's Government to withdraw its decision, the outcome of the complaint cannot be assessed at this stage. As such, after discussion with the auditors of the Group, an aggregate amount of over HK\$400 million would be provided as impairment in the profit and loss for the year ended 31 December 2018 on the intangible assets in relation to the Project.

The above-mentioned fair value and impairment losses are subject to change and the final figures will be set out in the annual results announcement of the Company for the year ended 31 December 2018. The Board would like to point out that the fair value and impairment losses are non-cash items and will not affect the cash flow of the Group. The Company is also of the view that the overall operation and financial position of the Group remain stable.

The Company is still in the process of finalising the annual results of the Group for the year ended 31 December 2018. The information contained in this announcement is only a preliminary assessment by the Company based on the information available for the time being, which has not yet been reviewed by the Auditor or the Audit Committee. The annual results announcement will be published by the end of March 2019.

**Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.**

By Order of the Board  
**AVIC Joy Holdings (HK) Limited**  
**Guan Liqun**

*Chairman, Executive Director and Chief Executive Officer*

Hong Kong, 15 March 2019

*As at the date of this announcement, the Board comprises Mr. GUAN Liqun (Chairman and Chief Executive Officer), Mr. ZHANG Zhibiao, Ms. WANG Ying, Ms. MU Yan and Ms. FU Xiao as executive Directors; and Mr. JIANG Ping, Ms. WU Rui and Mr. GUO Wei as independent non-executive Directors.*