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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)

PARTIAL REDEMPTION OF THE CONVERTIBLE NOTES

References are made to the announcements dated 3 November 2016 and 17 November 2016 of AVIC Joy Holdings (HK) Limited (the “**Company**”) in relation to the placing of the Convertible Notes in the aggregate principal amount of HK\$140,000,000. Capitalised terms used herein shall have the same meanings as those defined in the said announcements.

The Convertible Notes in the principal amount of HK\$140,000,000 were issued to six individual Noteholders on 17 November 2016. Since two weeks before the maturity of the Convertible Notes on 17 November 2018 (being the date falling on the second anniversary of the date of issue of the Convertible Notes), the Company has been engaging in negotiations with the six Noteholders on extension of the maturity date and/or redemption of the Convertible Notes. In early December 2018, the Board resolved to redeem the Convertible Notes in full by way of loan and authorise certain Directors and senior management to continue the negotiations with the Noteholders in this regard. The Board announced that on or prior to 31 December 2018, the Company agreed with two out of the six Noteholders holding the Convertible Notes in the aggregate principal amount of HK\$56,000,000 that the Company shall redeem their Convertible Notes in full by way of loan. Following the redemption of the said Convertible Notes in the aggregate principal amount of HK\$56,000,000 and as at the date of this announcement, the Convertible Notes in the aggregate principal amount of HK\$84,000,000 remain outstanding.

As at the date of this announcement, the Company is still in the process of negotiations with the remaining four Noteholders holding the Convertible Notes in the aggregate principal amount of HK\$84,000,000 on the terms of redemption of their Convertible Notes by way of loan. No such Noteholder has served any written notice to the Company in accordance with the terms and conditions of the Convertible Notes upon which the Convertible Notes will immediately become due and payable at the principal amount then outstanding.

The Company will issue further announcement(s) to update the progress of the negotiations with the Noteholders and/or full redemption of the Convertible Notes as and when appropriate.

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

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

Chairman, Executive Director and Chief Executive Officer

Hong Kong, 31 December 2018

As at the date of this announcement, the Board comprises Mr. GUAN Liqun (Chairman and Chief Executive Officer), Mr. ZHANG Zhibiao, Ms. WANG Ying, Mr. FU Fangxing, 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.