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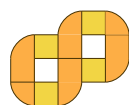
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AVIC Joy Holdings (HK) Limited
幸福控股（香港）有限公司
(Incorporated in Hong Kong with limited liability)
(Stock Code: 260)

**PROPOSED OPEN OFFER OF NOT LESS THAN 2,971,872,870 OFFER SHARES
AND NOT MORE THAN 3,692,044,113 OFFER SHARES ON THE BASIS OF
ONE (1) OFFER SHARE FOR EVERY TWO (2) EXISTING SHARES HELD ON THE
RECORD DATE AT A SUBSCRIPTION PRICE OF HK\$0.08 PER OFFER SHARE**

Financial Adviser to the Company



滙盛
WINSOME

Winsome Capital Limited

Underwriter to the Open Offer



Shun Heng Securities Limited

PROPOSED OPEN OFFER

The Company proposes, subject to fulfilment (or waiver, if applicable) of the conditions set out in the Underwriting Agreement, to raise not less than approximately HK\$238 million and not more than approximately HK\$295 million before expenses by issuing not less than 2,971,872,870 Offer Shares and not more than 3,692,044,113 Offer Shares at the Subscription Price of HK\$0.08 per Offer Share on the basis of one (1) Offer Share for every two (2) existing Shares held on the Record Date and payable in full upon application.

No excess application for Offer Shares will be available to the Qualifying Shareholders. The Open Offer is only available to the Qualifying Shareholders, and will not be extended to the Excluded Shareholders.

Assuming no further issue of new Shares or repurchase of Shares, the 2,971,872,870 Offer Shares to be allotted and issued pursuant to the terms of the Open Offer represents (i) 50% of the Company's issued share capital as at the date of this announcement and (ii) approximately 33.33% of the enlarged issued share capital of Company immediately upon completion of the Open Offer.

Assuming all the outstanding Share Options are exercised in full, the Convertible Notes are converted in full and no other new Shares being issued on or before the Record Date, the maximum number of 3,692,044,113 Offer Shares to be allotted and issued pursuant to the terms of the Open Offer represents (i) 50% of the Company's issued share capital as at the date of this announcement; and (ii) approximately 33.33% of the enlarged issued share capital of Company upon completion of the Open Offer.

The Open Offer is only available to the Qualifying Shareholders and will not be available to the Excluded Shareholders. The Company will send (a) the Prospectus Documents to the Qualifying Shareholders; and (b) the Overseas Letter together with the Prospectus, for information only, to the Excluded Shareholders.

To qualify for the Open Offer, the Shareholders must (a) at the close of business on the Record Date be registered on the register of members of the Company; and (b) not be an Excluded Shareholder.

The Open Offer will be fully underwritten by the Underwriter on the terms and subject to the conditions set out in the Underwriting Agreement.

The Group will arrange odd lot matching services in order to facilitate the trading of odd lots (if any).

LISTING RULES IMPLICATIONS

As the Open Offer will not increase the issued share capital or market capitalisation of the Company by more than 50% within the twelve-month period immediately preceding the date of this announcement and the Open Offer is fully underwritten by the Underwriter who is not a Director, chief executive or substantial Shareholder of the Company (or a close associate of any of them), the Open Offer is therefore not subject to Shareholders' approval under the Listing Rules.

GENERAL

The Prospectus Documents setting out details of the Open Offer are expected to be despatched to the Qualifying Shareholders on or about Friday, 1 December 2017. The Company will send the Prospectus to the Excluded Shareholders for information only.

WARNING OF THE RISK OF DEALINGS IN THE SHARES

Shareholders and potential investors should note that the Open Offer is conditional upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Open Offer may or may not proceed.

The Shares will be dealt in on an ex-entitlement basis commencing from Wednesday, 22 November 2017 and that dealing in Shares will take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled.

Any dealings in the Shares from the date of this announcement up to the date on which all the conditions of the Open Offer are fulfilled will bear the risk that the Open Offer may not become unconditional or may not proceed. Shareholders and potential investors should exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

PROPOSED OPEN OFFER

The Board is pleased to announce that on 6 November 2017 (after trading hours), the Company entered into the Underwriting Agreement with the Underwriter in relation to the underwriting and certain other arrangements in relation to the Open Offer.

Details of the proposed Open Offer are set out as follows:

Issue statistics

Basis of the entitlement:	One (1) Offer Share for every two (2) existing Shares held on the Record Date
Subscription Price:	HK\$0.08 per Offer Share

Number of Shares in issue as at the date of this announcement:	5,943,745,741 Shares
Number of outstanding Share Options	215,230,000 Share Options entitling the holders thereof to subscribe for 215,230,000 new Shares pursuant to the terms of the Share Option Scheme
Number of outstanding Convertible Notes	1,225,112,486 Convertible Notes entitling the holders thereof to subscribe for 1,225,112,486 new Shares pursuant to the terms thereof
Number of Offer Shares:	<p>a) Not less than 2,971,872,870 Offer Shares (assuming no Shares being issued or repurchased by the Company on or before the Record Date); and</p> <p>b) Not more than 3,692,044,113 Offer Shares (assuming all the outstanding Share Options are exercised in full, the Convertible Notes are converted in full and no other new Shares being issued on or before the Record Date)</p>
Underwriter:	Shun Heng Securities Limited
Funds to be raised before expenses:	Not less than approximately HK\$238 million and not more than approximately HK\$295 million
Number of Underwritten Shares:	Not less than 2,971,872,870 Offer Shares and not more than 3,692,044,113 Offer Shares. The Open Offer is fully underwritten by the Underwriter
Number of Shares in issue immediately upon completion of the Open Offer:	8,915,618,611 Shares (in the case of 2,971,872,870 Offer Shares) or 11,076,132,340 Shares (in the case of 3,692,044,113 Offer Shares)
Rights in excess applications:	No excess application for Offer Shares will be available to the Qualifying Shareholders

As at the date of this announcement, the Company has (a) 215,230,000 outstanding Share Options entitling the holders thereof to subscribe for 215,230,000 new Shares pursuant to the terms of the Share Option Scheme; and (b) 1,225,112,486 Convertible Notes entitling the holders thereof to subscribe for 1,225,112,486 new Shares pursuant to the terms thereof. Save for the Share Options and the Convertible Notes, as at the date of this announcement, the Company has no other outstanding derivatives, options, warrants or securities in issue which confer any right to subscribe for, convert or exchange into Shares.

Assuming no further issue of new Shares or repurchase of Shares, the 2,971,872,870 Offer Shares to be allotted and issued pursuant to the terms of the Open Offer represents (i) 50% of the Company's issued share capital as at the date of this announcement; and (ii) approximately 33.33% of the enlarged issued share capital of Company immediately upon completion of the Open Offer.

Assuming all the outstanding Share Options are exercised in full, the Convertible Notes are converted in full and no other new Shares being issued on or before the Record Date, the maximum number of 3,692,044,113 Offer Shares to be allotted and issued pursuant to the terms of the Open Offer represents (i) 50% of the Company's issued share capital as at the date of this announcement; and (ii) approximately 33.33% of the enlarged issued share capital of Company immediately upon completion of the Open Offer.

Basis of entitlement

The basis of the entitlement shall be one (1) Offer Share for every two (2) existing Shares held by the Qualifying Shareholders on the Record Date at the Subscription Price. Acceptance for all or any part entitlement of a Qualifying Shareholder should be made by completing the Application Form and lodging the same with a remittance for the Offer Shares being accepted for.

Qualifying Shareholders

The Open Offer is only available to the Qualifying Shareholders and will not be available to the Excluded Shareholders. The Company will send (a) the Prospectus Documents to the Qualifying Shareholders; and (b) the Overseas Letter together with the Prospectus, for information only, to the Excluded Shareholders.

To qualify for the Open Offer, the Shareholders must (a) at the close of business on the Record Date be registered on the register of members of the Company; and (b) not be an Excluded Shareholder.

Shareholders whose Shares are held by nominee companies should note that the Board will regard a nominee company as a single Shareholder according to the register of members of the Company. Shareholders with their Shares held by nominee companies are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

In order to be registered as members of the Company prior to the close of business on the Record Date, Shareholders must lodge any transfers of Shares (together with the relevant share certificates) for registration with the Registrar, Tricor Tengis Ltd. of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Thursday, 23 November 2017.

Subscription Price

The Subscription Price is HK\$0.08 per Offer Share, payable in full upon application for the relevant assured allotment of Offer Shares under the Open Offer.

The Subscription Price of HK\$0.08 per Offer Share represents:

- (i) a discount of approximately 44% to the closing price of HK\$0.143 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 34% to the theoretical ex-entitlement price of HK\$0.122 based on the closing price of HK\$0.143 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 44% to the average closing price of approximately HK\$0.143 per Share for the last five consecutive trading days immediately prior to and including the Last Trading Day;
- (iv) a discount of approximately 43% to the average closing price of approximately HK\$0.141 per Share for the last 10 consecutive trading days immediately prior to and including the Last Trading Day; and
- (v) a discount of approximately 64% over the net asset value per Share of approximately HK\$0.224 based on the audited consolidated net asset value as at 31 December 2016 and 5,943,745,741 Shares in issue as at the date of this announcement.

The Subscription Price was determined after arm's length negotiations between the Company and the Underwriter with reference to, among others, the prevailing market price of the Shares. The Board consider that each Qualifying Shareholder will be entitled to subscribe for the Offer Shares at the same Subscription Price in proportion to his/her/ its shareholding held on the Record Date and the terms of the Open Offer, including the Subscription Price which has been set as a discount to the recent closing prices of the Shares with an objective of encouraging existing Shareholders to take up their entitlements so as to share in the potential growth of the Company, to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole. After deducting all relevant expenses relating to the Open Offer, the net price per Offer Share will be approximately HK\$0.077 (assuming no new Shares being issued and no Shares being repurchased by the Company on or before the Record Date) or approximately HK\$0.077 (assuming all the outstanding Share Options are exercised in full and the Conversion Shares are converted in full and no other new Shares being issued on or before the Record Date).

Conditions of the Open Offer

The Open Offer is conditional upon the Underwriting Agreement having become unconditional and not being terminated in accordance with its terms or otherwise. The conditions of the Underwriting Agreement are set out under the paragraph headed “Conditions of the Underwriting Agreement” under the section headed “The Underwriting Agreement” of this announcement below.

Rights of Overseas Shareholders

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

The Board will make enquiries as to whether the issue of the Offer Shares to the Overseas Shareholders may contravene the applicable securities legislation of the relevant overseas jurisdictions or the requirements of any relevant regulatory body or stock exchange pursuant to Rule 13.36(2)(a) of the Listing Rules and result of the enquiries will be included in the Prospectus. If, after making such enquiry, the Board is of the opinion that it would be necessary or expedient, on account either of the legal restrictions under the laws of the relevant place or any requirement of the relevant regulatory body or stock exchange in that place, not to offer the Offer Shares to such Overseas Shareholders, the Open offer will not be available to such Overseas Shareholders.

Accordingly, the Open Offer will not be extended to the Excluded Shareholders. The Company will send the Overseas Letter together with the Prospectus to the Excluded Shareholders for their information only but will not send any Application Forms in respect of the Open Offer to the Excluded Shareholders. The basis of exclusion of the Excluded Shareholders, if any, from the Open Offer will be disclosed in the Prospectus.

Application for the Offer Shares

The Application Form in respect of the entitlement of the Offer Shares will be enclosed with the Prospectus entitling the Qualifying Shareholders to whom it is addressed to subscribe for the Offer Shares as shown therein by completing such form and lodging the same with a remittance for the Offer Shares being taken up with the Registrar by the Latest Time for Acceptance.

No application for excess Offer Shares

No Qualifying Shareholder is entitled to apply for any Offer Shares which are in excess to his/her/its entitlement. Any Offer Shares not taken up by the Qualifying Shareholders, and the Offer Shares to which the Excluded Shareholders would otherwise have been entitled under the Open Offer, will not be available for subscription by other Qualifying Shareholders by way of excess application and will be taken up by the Underwriter.

The Board holds the view that the Open Offer allows the Qualifying Shareholders to maintain their respective pro rata shareholding in the Company and to participate in the future growth and development of the Group and accordingly the Board has resolved not to adopt an excess application mechanism. The additional work which may be required to prepare for and administer the excess application arrangement (such as printing and despatch of excess application forms and incurring professional fees to process and handle the excess applications) may not be justified as the Company is seeking to reduce all unnecessary expenses so as to receive the maximum net proceeds from the Open Offer. It is estimated by the Company that the additional costs and expenses, including additional fees payable to the Registrar, legal advisers and other professional services providers, would be approximately HK\$200,000. In addition, the excess application mechanism may be abused by the Qualifying Shareholders by splitting their shareholdings into odd lots to enable them to submit multiple top-up applications and be possibly allocated more excess Offer Shares, which is not considered to be fair and equitable.

Pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to subscribe or procure subscription for the Offer Shares which have not been taken up by the Qualifying Shareholders.

Ranking of the Offer Shares

The Offer Shares, when allotted, issued and fully paid, will rank pari passu in all respects with the Shares then in issue. Holders of fully-paid Offer Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment of the Offer Shares in their fully-paid form.

Share certificates and refund cheques for the Open Offer

Subject to the fulfilment of the conditions of the Open Offer, certificates for all fully-paid Offer Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on or before Wednesday, 27 December 2017. If the Open Offer is terminated, refund cheques will be despatched on or before Wednesday, 27 December 2017 by ordinary post at the respective Shareholders' own risk.

Fractional entitlements

Fractions of the Offer Shares will not be allotted to the Qualifying Shareholders and fractional entitlements will be rounded down to the nearest whole number of Offer Shares. All Offer Shares created from the aggregation of fractions of the Offer Shares will be taken up by the Underwriter.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of and permission to deal in, the Offer Shares. Dealings in the Offer Shares on the Stock Exchange will be subject to the payment of stamp duty (if any) in Hong Kong and any other applicable fees and charges in Hong Kong.

Subject to the granting of the approval for the listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement date of dealings in the Offer Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

No part of the securities of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any other stock exchange.

Closure of register of members for the Open Offer

The Company's register of members will be closed from Friday, 24 November 2017 to Thursday, 30 November 2017, both days inclusive, to determine the eligibility of the Qualifying Shareholders. No transfer of Shares will be registered during this book closure period.

THE UNDERWRITING AGREEMENT

The principal terms of the Underwriting Agreement are as follows:

Date: 6 November 2017 (after trading hours)

Underwriter: Shun Heng Securities Limited

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Underwriter and its ultimate beneficial owner(s) is an Independent Third Party.

Number of Underwritten Shares: Not less than 2,971,872,870 Offer Shares and not more than 3,692,044,113 Offer Shares. The Open Offer is fully underwritten by the Underwriter.

Commission: 2.5% of the total Subscription Price on the maximum Underwritten Shares of 3,692,044,113 Offer Shares.

The commission rate was determined after arm's length negotiations between the Company and the Underwriter with reference to, among other things, the market rate, the size of the Open Offer and the current and expected market condition. The Board considers that the terms of the Underwriting Agreement including the underwriting commission rate are fair and reasonable so far as the Company and the Shareholders are concerned.

As at the date of this announcement, the Underwriter does not hold any Shares.

The Underwriter may enter into sub-underwriting arrangement(s) with sub-underwriter(s) or appoint any person to be sub-agent(s) on behalf of that Underwriter for the purpose of arranging for the sub-underwriting of the Underwritten Shares such that each of the Underwriter, any of the sub-underwriter and the subscriber (together with their respective parties acting in concert as defined in Takeovers Code) will not own 30% or more of the issued share capital of the Company immediately after completion of the Open Offer. In the event that any Underwriter or any of the sub-underwriters is required to take up the Untaken Shares pursuant to their underwriting/sub-underwriting obligations, the Underwriter shall ensure that each of the sub-underwriters and subscribers procured by it or the sub-underwriters shall be third party independent of and not acting in concert (as defined in the Takeovers Code) with and not connected with the directors, chief executive of the Company or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates.

As at the date of this announcement, the Board has not received any information or irrevocable undertakings from any of the substantial shareholders of the Company of their intention to take up the Offer Shares to be offered to them under the Open Offer.

Termination of the Underwriting Agreement

If, prior to the Latest Time for Termination (provided that if the date of the Latest Time for Termination shall be a Business Day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is or remains in force in Hong Kong between 9:00 a.m. and 12:00 noon on that day, the date of the Latest Time for Termination shall be the next Business Day on which no tropical cyclone warning signal no. 8 or above or no black rainstorm warning signal is or remains in force in Hong Kong between 9:00 a.m. and 12:00 noon on that day):

- (1) in the reasonable opinion of the Underwriter, the success of the Open Offer would be materially and adversely affected by:
 - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or

- (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (2) any adverse change in market conditions (whether foreseeable or not) (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the reasonable opinion of the Underwriter will or is reasonably likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient, impracticable or inadvisable to proceed with the Open Offer; or
- (3) there is any change in the circumstances of the Company or any member of the Group (whether foreseeable or not) which in the reasonable opinion of the Underwriter will or is reasonably likely to adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- (4) any involuntary suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of this announcement or the Prospectus Documents or other announcements or circulars in connection with the Open Offer, the Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement; or
- (5) permission to deal in and lifting of all the Offer Shares has been withdrawn by the Stock Exchange.

The Underwriter shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

- (1) any material breach of any of the representations, warranties or undertakings contained in Underwriting Agreement comes to the knowledge of the Underwriter; or
- (2) any specified event as contained in Underwriting Agreement comes to the knowledge of the Underwriter.

The Company shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Company.

Upon mutual agreement in writing, the parties shall be entitled to terminate the Underwriting Agreement.

Any such notice shall be served by the Underwriter prior to the Latest Time for Termination.

If prior to the Latest Time for Termination any such notice as is referred to above is given by the Underwriter, the obligations of all parties under the Underwriting Agreement, save in respect of any right or liability accrued before such termination, shall terminate forthwith and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

Conditions of the Underwriting Agreement

The Underwriting Agreement is conditional upon:

- (a) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance not later than the Prospectus Posting Date;
- (b) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus and a letter in the agreed form to the Excluded Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Open Offer on or before the Prospectus Posting Date;

- (c) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of, and permission to deal in, the Offer Shares either unconditionally or subject to conditions which the Company accepts and satisfaction of such conditions (if any and where relevant) on or before the Latest Time for Termination;
- (d) compliance with and performance of all the undertakings and obligations of the Company under the Underwriting Agreement in all material respects and the representations and warranties given by the Company under the Underwriting Agreement remaining true, correct and not misleading in all material respects; and
- (e) compliance with and performance of all the undertakings and obligations of the Underwriter under the Underwriting Agreement in all material respects and the representations and warranties given by the Underwriter under the Underwriting Agreement remaining true, correct and not misleading in all material respects.

The above conditions of the Underwriting Agreement are incapable of being waived. If the conditions of the Underwriting Agreement are not satisfied by the Company by the Latest Time for Termination or such other date as the Company and the Underwriter may agree, the Underwriting Agreement shall terminate and all obligations and liabilities of the parties shall cease and terminate and no party shall have any claim against the other parties.

Effect of bad weather on the Latest Time for Acceptance

If there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong on Friday, 15 December 2017, being the date of the Latest Time for Acceptance:

- (i) at any time before 12:00 noon and no longer in force after 12:00 noon, the Latest Time for Acceptance will be postponed to 5:00 p.m. on the same business day; or
- (ii) at any time between 12:00 noon and 4:00 p.m., the Latest Time for Acceptance will be postponed to 4:00 p.m. on the next business day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance does not take place on Friday, 15 December 2017, the dates mentioned in the below section headed “Expected timetable” in this announcement may be affected. An announcement will be made by the Company in such event.

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company immediately before and after completion of the Open Offer:

- (a) Assuming none of the Share Options and Convertible Notes are exercised or converted on or before the Record Date:

	As at the date of this announcement		Immediately upon completion of Open Offer assuming no Qualifying Shareholders subscribed for their entitlements under the Open Offer		Immediately upon completion of Open Offer assuming all Qualifying Shareholders subscribed for their entitlements under the Open Offer	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
Aviation Industry Corporation of China (“AVIC”) and its subsidiaries (Note 1)	1,596,428,891	26.86	1,596,428,891	17.91	2,394,643,336	26.86
Tai Yuen Textile Company Ltd. and its subsidiaries (Note 2)	313,965,000	5.28	313,965,000	3.52	470,947,500	5.28
The Underwriter and subscribers procured by the Underwriter (Note 3)	—	—	2,971,872,870	33.33	—	—
Zhu Dong (an executive Director)	1,740,000	0.03	1,740,000	0.02	2,610,000	0.03
Public Shareholders	4,031,611,850	67.83	4,031,611,850	45.22	6,047,417,775	67.83
Total	5,943,745,741	100.00	8,915,618,611	100.00	8,915,618,611	100.00

(b) Assuming all the outstanding Share Options are exercised in full and the Convertible Notes are converted in full on or before the Record Date:

	As at the date of this announcement		Immediately upon the exercise in full of the outstanding Share Options and Convertible Notes		Immediately upon completion of Open Offer assuming no Qualifying Shareholders subscribed for their entitlements under the Open Offer		Immediately upon completion of Open Offer assuming all Qualifying Shareholders subscribed for their entitlements under the Open Offer	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
Aviation Industry Corporation of China (“AVIC”) and its subsidiaries (Note 1)	1,596,428,891	26.86	1,821,541,377	24.67	1,821,541,377	16.45	2,732,312,065	24.67
Tai Yuen Textile Company Ltd. and its subsidiaries (Note 2)	313,965,000	5.28	313,965,000	4.25	313,965,000	2.83	470,947,500	4.25
Other holders of Share Options	—	—	206,250,000	2.80	206,250,000	1.86	309,375,000	2.80
Other holders of Convertible Notes	—	—	1,000,000,000	13.54	1,000,000,000	9.03	1,500,000,000	13.54
The Underwriter and subscribers procured by the Underwriter (Note 3)	—	—	—	—	3,692,044,113	33.33	—	—
Zhu Dong (an executive Director)	1,740,000	0.03	1,740,000	0.02	1,740,000	0.02	2,610,000	0.02
Wang Xiaowei (an executive Director)	—	—	8,980,000	0.12	8,980,000	0.08	13,470,000	0.12
Public Shareholders	4,031,611,850	67.83	4,031,611,850	54.60	4,031,611,850	36.40	6,047,417,775	54.60
Total	5,943,745,741	100.00	7,384,088,227	100.00	11,076,132,340	100.00	11,076,132,340	100.00

Notes:

1. Billirich Investment Limited (“Billirich”) is a wholly-owned subsidiary of AVIC International Holding (HK) Limited (“AVIC Int’l”). Tacko International Limited, together with its wholly-owned subsidiary, hold in aggregate approximately 34.34% of the issued share capital of AVIC Int’l. Tacko International Limited is a wholly-owned subsidiary of AVIC International (HK) Group Limited, which in turn is a wholly-owned subsidiary of AVIC International Holding Corporation. AVIC International Holding Corporation is a non-wholly-owned subsidiary of AVIC (62.52% interest was controlled by AVIC). Accordingly, all these corporations are deemed to be interested in the Shares and convertible notes held by Billirich. AVIC Joy Air Holdings Limited is a wholly-owned subsidiary of AVIC Joy Air (HK) Group Limited, which in turn is a wholly-owned subsidiary of 幸福航空控股有限公司. 幸福航空控股有限公司 is owned as to approximately 57.14% by AVIC and as to approximately 42.86% by AVIC International Holding Corporation, which is a non-wholly-owned subsidiary of AVIC (62.52% interest was controlled by AVIC). Accordingly, all these corporations are deemed to be interested in the Shares held by AVIC Joy Air Holdings Limited; and AVIC International Holding Corporation and AVIC are deemed to be interested in the Shares held by AVIC International (HK) Group Limited.
2. Grand Win Overseas Ltd. (“Grand Win”) is a wholly-owned subsidiary of Sun Shining Investment Corp. Tai Yuen Textile Company Ltd. beneficially owns 82.85% equity interest in Sun Shining Investment Corp. and therefore, these corporations are deemed to be interested in the Shares held by Grand Win.
3. The above information is for illustration purpose only. Pursuant to the Underwriting Agreement, the Underwriter shall use its reasonable endeavours to procure that each of the Underwriter, any of the sub-underwriter and the subscriber, which subscribes for any Underwritten Shares shall not, together with any party acting in concert (within the meaning of the Takeovers Code) with him/her/it, hold 30% or more of the voting rights of the Company upon completion of the Open Offer.

ADJUSTMENTS TO SHARE OPTIONS AND CONVERTIBLE NOTES

As a result of the Open Offer, the exercise prices and numbers of the outstanding Share Options pursuant to the relevant terms of the Share Option Scheme and the conversion price of the Convertible Notes may be adjusted in accordance with the respective terms and conditions of the Share Option Scheme and the Convertible Notes. The Board will instruct (i) its auditors or independent financial advisers to certify the adjustments, if any, to the outstanding Share Options; and (ii) its merchant bank to certify the adjustments, if any, to the outstanding Convertible Notes. The Company will inform the holders of the outstanding Share Options and the Convertible Notes if the adjustments, if any, accordingly.

Further announcement(s) will be made by the Company in respect of such adjustments as and when appropriate.

REASONS FOR THE OPEN OFFER AND USE OF PROCEEDS

The Group is principally engaged in the operation of compressed natural gas refueling stations, management and operation of light-emitting diode energy management contracts, provision of finance lease and loan services and properties investment, and provision of land development services and sale of construction materials in the PRC.

The gross proceeds from the Open Offer will be not less than approximately HK\$238 million and not more than approximately HK\$295 million. The net proceeds from the Open Offer after deducting all relevant expenses are estimated to be not less than approximately HK\$229 million and not more than approximately HK\$286 before expenses. The Company intends to apply the net proceeds from the Open Offer for in the following manner, which are expected to be utilized by 30 June 2018:

- (i) as to approximately HK\$170 million, representing approximately 59.4% of the net proceeds from the Open Offer for repayment of loan and interest payable from a related company, which will be due by December 2017;
- (ii) as to approximately HK\$52 million, representing approximately 18.2% of the net proceeds from the Open Offer for redemption of convertible bond and settlement of interest payable, which will be due by March 2018;
- (iii) as to approximately HK\$64 million, representing approximately 22.4% of the net proceeds from the Open Offer for repayment of bank loan principal and interest payable, which will be due by phases in December 2017, March 2018 and June 2018 respectively; and
- (iv) the remaining balance will be used as general working capital of the Group.

The Open Offer will enable the Company to raise funds and provide the Company with the financial flexibility necessary for repayment of the existing debts, and further developing the principal businesses of the Group. As and when suitable opportunities arise, the Open offer will enable the Company to compensate the net loss of the Group, as well as to improve the overall financial position of the Group. In addition, the Open Offer would allow the Company to strengthen its capital base and provide an opportunity to all Shareholders to participate in the growth of the Company in proportion to their shareholdings.

To further illustrate, the Group has been putting efforts in strengthening its financial position, including but not limited to raising sufficient funding for repayment of the existing debts of the Group and the business development. As such, when formulating the structure of the Open Offer, the Board had taken into account various factors including but not limited to raising sufficient funds to improve the financial strength and position of the Group, while at the same time, to further develop its principal business.

The Company has considered the following fundraising alternatives in comparison to the Open Offer:

Fundraising alternatives	Reason(s) for not adopting the fundraising alternatives
(i) Placing of new Shares	The Board is of the view that placing of new Shares would only be available to certain placees who were not necessarily the existing Shareholders and would dilute the shareholding of the existing Shareholders.
(ii) Debt financing	The Group considers that favourable terms in relation to debt financing on a timely basis may not be achievable under the loss-making position of the Group and it will result in additional interest burden, higher gearing ratio of the Group and the Group will be subject to repayment obligations.
(iii) Rights issue	The Company is seeking to reduce all unnecessary expenses so as to receive the maximum net proceeds from the Open Offer. The Company estimated that rights issue will involve extra costs and expenses of approximately HK\$200,000 for the trading arrangement in relation to the nil-paid rights sold in rights issue. Therefore, the amount of net proceeds will be reduced for rights issue. In addition, the Board considers that favourable terms in relation to selling the excess Shares in the market may not be achievable, as the exact amount of excess Shares to be sold in the market can only be ascertained after the last day of dealings in nil-paid rights.

The Board considers that the Open Offer is in the interests of the Group and the Shareholders as a whole as it offers all the Qualifying Shareholders an equal opportunity to participate in the enlargement of the capital base of the Group and enables the Qualifying Shareholders to maintain their proportionate interests in the Group and continue to participate in the future development of the Group should they wish to do so. However, those Qualifying Shareholders who do not take up the Offer Shares to which they are entitled and Excluded Shareholders should note that their shareholdings in the Group will be diluted.

In the view of the above, the Board considers that the Open Offer is fair and reasonable and in the interests of the Group and the Shareholders as a whole having taken into account the terms of the Open Offer.

FUND RAISING EXERCISE OF THE COMPANY IN THE PAST 12 MONTHS

The Group conducted the following equity fund raising activity during the 12 months immediately preceding the date of this announcement:

Date of announcement	Fund raising activity	Net proceeds raised (approximately)	Intended use of proceeds	Actual use of proceeds
3 November 2016	Placing of convertible notes in the aggregate principal amount up to HK\$140,000,000	HK\$138.9 million	Repayment of short term loan of approximately HK\$110.0 million and general working capital of the Group	Fully utilized

EXPECTED TIMETABLE

The expected timetable for the Open Offer is set out below:

2017

Last day of dealings in Shares on a cum-entitlement basis	Tuesday, 21 November
First day of dealings in Shares on an ex-entitlement basis	Wednesday, 22 November
Latest time for lodging transfer of Shares in order to qualify for the Open Offer	4:30 p.m. on Thursday, 23 November
Register of members of the Company closes (both days inclusive)	Friday, 24 November to Thursday, 30 November
Record Date	Thursday, 30 November
Register of members re-opens	Friday, 1 December
Despatch of Prospectus Documents	Friday, 1 December
Latest time for acceptance of and payment for the Offer Shares	4:00 p.m. on Friday, 15 December

2017

Latest time for the termination of Underwriting Agreement by the Underwriter	4:00 p.m. on Monday, 18 December
Announcement of the results of the Open Offer	Friday, 22 December
Despatch of share certificates for the Offer Shares	Wednesday, 27 December
Despatch of refund cheques if the Open Offer is terminated	Wednesday, 27 December
Designated broker start to stand in the market to provide matching services for sale and purchase of odd lots of Shares.....	Wednesday, 27 December
Expected first day of dealings in the Offer Shares on the Stock Exchange	9:00 a.m. on Thursday, 28 December

2018

Designated broker cease to stand in the market to provide matching services for sale and purchase of odd lots of Shares.....	4:00 p.m. on Wednesday, 17 January 2018
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All times and dates stated in this announcement refer to Hong Kong local times and dates. Dates or deadlines specified in expected timetable above are indicative only and may be extended or varied by the Company. Any changes to the expected timetable will be published or notified to Shareholders as and when appropriate.

LISTING RULES IMPLICATIONS

As the Open Offer will not increase the issued share capital or market capitalization of the Company by more than 50% within the twelve-month period immediately preceding the date of this announcement and the Open Offer is fully underwritten by the Underwriter who is not a Director, chief executive or substantial Shareholder of the Company (or a close associate of any of them), the Open Offer is therefore not subject to Shareholders' approval under the Listing Rules.

GENERAL

The Prospectus Documents setting out details of the Open Offer are expected to be despatched to the Qualifying Shareholders on or about Friday, 1 December 2017. The Company will send the Prospectus to the Excluded Shareholders for information only.

ODD LOT ARRANGEMENT

To alleviate the difficulties in trading odd lots of the Shares arising from the change in board lot size of the Shares, the Group has appointed Shun Heng Securities Limited, as an agent to provide matching services to the Shareholders who wish to top up or sell their holdings of odd lots of the Shares during the period from 9:00 a.m. on Wednesday, 27 December 2017 to 4:00 p.m. on Wednesday, 17 January 2018 (both dates inclusive). Holders of the Shares in odd lots represented by the existing share certificates for the Shares who wish to take advantage of this facility either to dispose of their odd lots of the Shares or to top up their odd lots to a full new board lot may directly or through Shun Heng Securities Limited, at Suite 5107, 51/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong (telephone: (852) 2836 0826 and facsimile: (852) 2836 0872) during such period. Holders of the Shares in odd lots should note that successful matching of the sale and purchase of odd lots of the Shares is not guaranteed. The Shareholders are recommended to consult their professional advisers if they are in doubt about the above facility.

WARNING OF THE RISK OF DEALINGS IN THE SHARES

Shareholders and potential investors should note that the Open Offer is conditional upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Open Offer may or may not proceed.

The Shares will be dealt in on an ex-entitlement basis commencing from Wednesday, 22 November 2017 and that dealing in Shares will take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled.

Any dealings in the Shares from the date of this announcement up to the date on which all the conditions of the Open Offer are fulfilled will bear the risk that the Open Offer may not become unconditional or may not proceed. Shareholders and potential investors should exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

DEFINITIONS

In this announcement, unless the context otherwise required, the following terms and expressions shall have the following meanings when used herein.

“Application Form(s)”	the form(s) of application to be used by the Qualifying Shareholders to apply for the Offer Shares in the agreed form
“associate(s)”	has the meaning ascribed thereto under the Listing Rules

“Brilliant Norton Convertible Notes”	convertible notes of the Company in the principal amount of HK\$140,000,000 convertible into 1,000,000,000 Shares at HK\$0.140 per Share (subject to adjustment) and issued pursuant to the placing agreement dated 3 November 2016 and entered into between the Company and Brilliant Norton Securities Company Limited, details of which are contained in the announcements of the Company dated 3 November 2016 and 17 November 2016
“Billirich Convertible Notes”	convertible notes of the Company in the principal amount of HK\$51,775,872 convertible into 225,112,486 Shares at HK\$0.23 (adjusted) per Share (subject to adjustment) and maturing on 6 March 2018 issued pursuant to a deed of amendment dated 20 January 2015 and entered into between the Company and Billirich Investment Limited, a wholly-owned subsidiary of AVIC International Holding (HK) Limited (a Hong Kong listed company (stock code: 232)) and a substantial shareholder of the Company, details of which are contained in the announcements of the Company dated 20 January 2015 and 20 May 2015, and the circular of the Company dated 9 February 2015
“Board”	the board of the Directors
“Business Day”	any day (excluding Saturday, Sunday and any day on which a tropical cyclone warning signal no. 8 or above or a “black” rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.) on which banks in Hong Kong are open for business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“close associates”	has the meaning ascribed thereto under the Listing Rules
“Company”	AVIC Joy Holdings (HK) Limited, a company incorporated in Hong Kong with limited liability whose shares are listed on the Main Board of the Stock Exchange (stock code: 260)

“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Complying Applications”	valid applications under the Application Forms made in accordance with the terms of the Prospectus Documents together with cheques or cashier’s orders or other remittances for the full amount payable in respect of the Offer Shares being applied for under such Application Forms which are honoured on first or, at the discretion of the Underwriter, subsequent presentation
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Convertible Notes”	collectively, the Brilliant Norton Convertible Notes and the Billirich Convertible Notes
“Director(s)”	the directors of the Company from time to time
“Excluded Shareholder(s)”	the Overseas Shareholder(s) whom the Directors consider it necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place not to offer the Offer Shares to such Overseas Shareholders
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons

“Last Trading Day”	3 November 2017, being the last trading day of the Shares prior to release of this announcement and the date of the Underwriting Agreement
“Latest Time for Acceptance”	4:00 p.m., on Friday, 15 December 2017 or such other time as may be agreed between the Company and the Underwriter, being the latest time for acceptance of, and payment for, the Offer Shares
“Latest Time for Termination”	4:00 p.m., on Monday, 18 December 2017, being the first Business Day after the Latest Time for Acceptance or such later time or date as may be agreed between the Company and the Underwriter, being the latest time to terminate the Underwriting Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Offer Shares”	not less than 2,971,872,870 Offer Shares and not more than 3,692,044,113 Offer Shares to be allotted and issued pursuant to the Open Offer
“Open Offer”	the proposed issue by way of open offer to the Qualifying Shareholders on the basis of one (1) Offer Share for every two (2) existing Shares held on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents
“Overseas Letter”	a letter to be issued by the Company to the Excluded Shareholders explaining the circumstances in which the Excluded Shareholders are not permitted to participate in the Open Offer
“Overseas Shareholder(s)”	the Shareholder(s) with registered address(es) (as shown in the register of members of the Company on the Record Date) are outside of Hong Kong
“PRC”	the People’s Republic of China which for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Prospectus”	the prospectus to be issued by the Company in relation to the Open Offer

“Prospectus Documents”	the Prospectus and the Application Form
“Prospectus Posting Date”	Friday, 1 December 2017 or such later date as may be agreed between the Underwriter and the Company for the despatch of the Prospectus Documents to the Qualifying Shareholders (or the Prospectus only in case of the Excluded Shareholder(s))
“Qualifying Shareholders”	Shareholders whose names appear on the register of members of the Company on the Record Date, other than the Excluded Shareholders
“Record Date”	Thursday, 30 November 2017, or such other date as may be agreed between the Company and the Underwriter for determining entitlements to the Open Offer
“Registrar”	Tricor Tengis Ltd. of Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, being the Hong Kong branch share registrar and transfer office of the Company
“Share Options”	an aggregate of 215,230,000 outstanding share options granted by the Company and accepted by the grantees which confer rights to subscribe for an aggregate of 215,230,000 Shares upon full exercise of the share options at the subscription price of HK\$0.236 per Share (for 8,980,000 of such share options) and HK\$0.227 per Share (for 206,250,000 of such share options) pursuant to the share option scheme of the Company adopted on 15 April 2005 and expired on 14 April 2015 and the terms of the grant of the share options by the Company on 13 June 2012 and 31 August 2010, respectively
“Share Option Scheme”	the share option scheme of the Company adopted on 15 April 2005 and expired on 14 April 2015
“Share(s)”	ordinary share(s) in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscription Price”	HK\$0.08 per Offer Share
“substantial shareholder(s)”	has the meaning as ascribed thereto under the Listing Rules
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Underwriter”	Shun Heng Securities Limited, a licensed corporation to carry on type 1 (dealing in securities) regulated activities for the purposes of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Underwriting Agreement”	the underwriting agreement dated 6 November 2017 and entered into between the Company and the Underwriter in relation to the underwriting arrangement in respect of the Open Offer
“Underwritten Shares”	the Offer Shares which are fully underwritten by the Underwriter pursuant to the terms and conditions set out in the Underwriting Agreement
“Untaken Shares”	those (if any) of the Underwritten Shares in respect of which Complying Applications have not been received on or before the Latest Time for Acceptance
“%”	per cent.

By Order of the Board
AVIC Joy Holdings (HK) Limited
Wang Xiaowei
Chief Executive Officer and Executive

Hong Kong, 6 November 2017

As at the date of this announcement, the Board comprises Mr. Ren Yunan (Chairman) as non-executive Director, Mr. Wang Xiaowei (Chief Executive Officer), Mr. Xiao Wei, Mr. Zhang Zhibiao, Ms. Wang Ying and Mr. Wang Songhui as executive Directors; and Mr. Hu Xiaowen, Mr. Gong Changhui and Mr. Huang Bo as independent non-executive Directors.

* *For identification purposes only*