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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 AND UPDATE ON FINANCIAL CONDITIONS OF THE COMPANY

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, Laws of Hong Kong) (the “**SFO**”).

The board of directors of the Company (the “**Board**”) 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 a net loss of approximately HK\$232 million for the year ending 31 December 2017. Furthermore, the Group has outstanding loans of (i) approximately HK\$162 million to be due by 31 December 2017; and (ii) approximately HK\$241 million to be due by 31 October 2018 (the “**Outstanding Loans**”). In addition, the Company has outstanding convertible notes of approximately HK\$52.3 million and HK\$145.6 million to be due by 6 March 2018 and 17 November 2018 respectively (the “**Convertible Notes**”). The Company expects that the cash flow is insufficient to repay the Outstanding Loans and to redeem the Convertible Notes. The Board is actively pursuing various financing methods to address such liquidity issues and is also considering disposal of assets and businesses based on fair and market terms. As at the date of this announcement, no definitive agreement has been entered into and the Company will make further announcements in compliance with the Listing Rules as and when appropriate.

The information contained in this announcement is only based on the preliminary assessment by the management of the Company with reference to the information currently available including the unaudited consolidated management accounts of the Group, which have not been reviewed or audited by the Company's auditors or the audit committee of the Company and subject to adjustment. The actual annual results of the Group for the year ending 31 December 2017 may be different from what is disclosed in this announcement. Shareholders and potential investors are advised to read carefully the annual results announcement of the Company for the year ending 31 December 2017, which will be published in due course.

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
Wang Xiaowei
Chief Executive Officer and Executive Director

Hong Kong, 27 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 and Mr. Gong Changhui as independent non-executive Directors.