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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)

INSIDE INFORMATION

This announcement is made by the board (the “**Board**”) of directors (the “**Directors**”) of AVIC Joy Holdings (HK) Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rules 13.09(2) and 13.19 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

References are made to the announcements of the Company dated 3 November 2016, 17 November 2016 and 31 December 2018. Capitalised terms used herein shall have the same meanings as those defined in the said announcements.

On 17 November 2016, the Convertible Notes in the principal amount of HK\$140,000,000 were issued to six individual Noteholders. On or prior to 31 December 2018, the Company redeemed from two out of the six Noteholders their Convertible Notes in the aggregate principal amount of HK\$56,000,000 in full by way of loan. Regarding the remaining four Noteholders (the “**Remaining Noteholders**”) holding the Convertible Notes in the aggregate principal amount of HK\$84,000,000, the Company has not been able to reach an agreement with them on extension of the maturity date and/or redemption of the Convertible Notes.

On 25 February 2020, the Company received four repayment demand letters from the legal advisers of the Remaining Noteholders, requesting the Company to repay the outstanding principal amount of HK\$84,000,000 together with the accrued interest, in a total sum of approximately HK\$92,556,065. Further interests will be accrued until actual payment is made in full.

The Company is seeking legal advice on the matter and is making its best endeavors to negotiate the repayment schedule with each of the Remaining Noteholders with a view to reaching a settlement of this matter. In respect of the cash consideration received by the Company as a result of the disposal of 100% equity interest in Shanghai Shangju Enterprise Co., Ltd. (as disclosed in the announcements of the Company dated 14 November 2019, 31 December 2019 and 11 February 2020 and the circular of the Company dated 12 December 2019), the Board proposed to use the net proceeds (after deducting all related expenses and working capital necessary for the daily operations of the Group) to repay debts owed to its creditors on a pro rata basis. As at the date hereof, the Company repaid HK\$23,520,000 (representing 28% of the outstanding principal amount of the Convertible Notes) in aggregate to the Remaining Noteholders. The Company is currently in the course of negotiating with the Remaining Noteholders on the repayment schedule of the outstanding principal amount of the Convertible Notes and accrued interest.

Further announcement(s) will be issued by the Company on the progress of negotiations with the Remaining Noteholders as and when appropriate in accordance with the Listing Rules.

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
WU Xiaodong

Chairman, Executive Director and Chief Executive Officer

Hong Kong, 27 March 2020

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