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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 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).

References are made to the profit warning announcement of the Company dated 15 March 2019 (the “**Announcement**”) and the disclosures made in various circulars and financial reports published by the Company in relation to the land development project in Fuqing City, Fujian Province, the PRC (the “**Project**”). Unless otherwise defined herein, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

As disclosed in the Announcement and the said disclosures, in February 2013, the Group and Fuqing Municipal People’s Government entered into the MICCA for the development of the Project and in November 2017, 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. Subsequently in May 2018, the Group filed a lawsuit with the Intermediate People’s Court of Putian Municipality (莆田市中級人民法院) (the “**Putian Court**”) aiming to request Fuqing Municipal People’s Government to continue to execute the MICCA in accordance with the terms of the MICCA.

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 the Group received a judgment dated 10 June 2020 (the “**Judgment**”) issued by the Putian Court. The Putian Court dismissed the petition by the Group and ordered the Group to bear specified amounts of litigation costs. If being dissatisfied with the Judgment, appeal

should be made by the Group to the High People's Court of Fujian Province (福建省高級人民法院) (the "**High People's Court**") within fifteen days from the day on which the Judgment was served.

In order to protect the interests of the Group and after considering the legal advice, the Group decided to appeal and filed an appeal to the High People's Court on 24 June 2020 to request the High People's Court to set aside the Judgment and rule the case to be returned to the Putian Court for re-trial. The Company will make further announcement(s) on the progress of the legal proceedings as and when appropriate in accordance with the requirements of the Listing Rules.

Based on a preliminary assessment on the Judgment and other information, the Group is expected to record further increase in total loss for the six months ended 30 June 2020 primarily attributable to impairment loss on the Group's intangible assets in relation to the Project as compared to the total loss of approximately HK\$73 million for the corresponding period of 2019. The Company is still in the process of finalising the interim results of the Group for the six months ended 30 June 2020. Further announcement(s) will be made by the Company as and when appropriate after discussion with the auditors of the Group on the amount of impairment loss recognised on the Group's intangible assets for the six months ended 30 June 2020.

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, 2 July 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.