
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in AVIC Joy Holdings (HK) Limited (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)**

- (1) PROPOSED GRANT OF GENERAL MANDATES
TO ISSUE AND REPURCHASE SHARES;**
- (2) PROPOSED RE-ELECTION OF DIRECTORS;**
- (3) PROPOSED ADOPTION OF THE NEW ARTICLES OF ASSOCIATION;**
- AND**
- (4) NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the annual general meeting of the Company to be held at Unit 1804A, 18/F., Tower 1, Admiralty Centre, No. 18 Harcourt Road, Admiralty, Hong Kong on Tuesday, 28 June 2016 at 11:00 a.m. is set out on pages 17 to 21 of this circular. A form of proxy for use at the annual general meeting is enclosed with this circular. Such form of proxy is also published on the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk.

Whether or not you are able to attend the annual general meeting, you are requested to complete the accompanying form of proxy, in accordance with the instructions printed thereon and deposit the same at the Hong Kong share registrar of the Company, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the annual general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the annual general meeting or any adjournment thereof should you so wish.

26 May 2016

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

| | |
|-------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “AGM” | the annual general meeting of the Company to be convened and held on Tuesday, 28 June 2016 at 11:00 a.m. to consider and, if thought fit, approve, among other things, the proposed grant of the General Mandate (including the extended General Mandate) and the Repurchase Mandate, the proposed re-election of Directors and the proposed adoption of the New Articles |
| “Article(s)” or “Articles of Association” | the Existing Articles and/or the New Articles (as the context requires) |
| “Board” | the board of Directors |
| “close associate(s)” | has the meaning ascribed thereto under the Listing Rules |
| “Companies Ordinance” | the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended from time to time |
| “Company” | AVIC Joy Holdings (HK) Limited, a company incorporated in Hong Kong with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange |
| “core connected person” | has the meaning ascribed thereto under the Listing Rules |
| “Director(s)” | the director(s) of the Company |
| “Existing Articles” | the existing articles of association of the Company |
| “General Mandate” | the general mandate proposed to be granted to the Directors at the AGM to issue further new Shares not exceeding 20% of the issued share capital of the Company as at the date of the passing of the relevant resolution |
| “Group” | the Company and all of its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “Latest Practicable Date” | 23 May 2016, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |

DEFINITIONS

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| “New Articles” | the new articles of association of the Company proposed to be adopted by the Company at the AGM with a summary of and reasons for the major changes proposed to be made to the Existing Articles as set out in Appendix III to this circular |
| “PRC” | the People’s Republic of China (for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan) |
| “Repurchase Mandate” | the repurchase mandate proposed to be granted to the Directors at the AGM to repurchase up to 10% of the issued share capital of the Company as at the date of the passing of the relevant resolution |
| “Share(s)” | ordinary share(s) of the Company |
| “Shareholder(s)” | holder(s) of the Share(s) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “subsidiary(ies)” | has the meaning ascribed thereto under the Listing Rules |
| “substantial shareholder(s)” | has the meaning ascribed thereto under the Listing Rules |
| “Takeovers Code” | the Hong Kong Code on Takeovers and Mergers |
| “HK\$” | Hong Kong dollar, the lawful currency of Hong Kong |
| “%” | per cent. |

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. ZHU Dong (*Chairman*)
Mr. WANG Xiaowei (*Chief Executive Officer*)
Mr. ZANG Zheng
Mr. XIAO Wei

Registered office and principal

place of business:
Room A02, 35/F
United Centre
No. 95 Queensway
Hong Kong

Independent non-executive Directors:

Mr. HU Xiaowen
Mr. GONG Changhui
Mr. WU Meng

26 May 2016

To the Shareholders

Dear Sir or Madam,

**(1) PROPOSED GRANT OF GENERAL MANDATES
TO ISSUE AND REPURCHASE SHARES;
(2) PROPOSED RE-ELECTION OF DIRECTORS;
(3) PROPOSED ADOPTION OF THE NEW ARTICLES OF ASSOCIATION;
AND
(4) NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information relating to the resolutions to be proposed at the AGM for, among other things, the granting of the General Mandate (including the extended General Mandate) and the Repurchase Mandate, the re-election of Directors, the adoption of the New Articles and the notice of the AGM.

GENERAL MANDATE AND REPURCHASE MANDATE

At the AGM, the Directors propose to seek the approval of the Shareholders to grant to the Directors the General Mandate (including the extended General Mandate) and the Repurchase Mandate.

LETTER FROM THE BOARD

General Mandate

At the AGM, an ordinary resolution will be proposed such that the Directors be given an unconditional general mandate (i.e. the General Mandate) to allot, issue and deal with additional Shares or underlying shares of the Company (other than by way of rights offering or pursuant to a share option scheme for employees and/or directors of the Company and/or any of its subsidiaries or pursuant to any scrip dividend scheme or similar arrangements providing for the allotment and issue of Shares in lieu of whole or part of the dividend on Shares in accordance with the Articles) or make or grant offers, agreements, options and warrants which might require the exercise of such power, of an aggregate number of Shares not exceeding 20% of the total number of Shares in issue as at the date of the granting of the General Mandate.

In addition, a separate ordinary resolution will further be proposed for extending the General Mandate authorising the Directors to allot, issue and deal with Shares to the extent of the Shares repurchased pursuant to the Repurchase Mandate. Details of the Repurchase Mandate are set out below.

As at the Latest Practicable Date, the Company had an aggregate of 5,943,745,741 Shares in issue. Subject to the passing of the resolution for the approval of the General Mandate and on the basis that no further Shares are issued or repurchased between the Latest Practicable Date and the date of the AGM, the Directors would be allowed under the General Mandate to allot, issue and deal with a maximum of 1,188,749,148 Shares.

Repurchase Mandate

At the AGM, an ordinary resolution will also be proposed such that the Directors be given an unconditional general mandate to repurchase Shares (i.e. the Repurchase Mandate) on the Stock Exchange of an aggregate number of Shares not exceeding 10% of the total number of Shares in issue as at the date of the granting of the Repurchase Mandate.

Subject to the passing of the resolution for the approval of the Repurchase Mandate and on the basis that no further Shares are issued or repurchased between the Latest Practicable Date and the date of the AGM, the Directors would be allowed under the Repurchase Mandate to repurchase a maximum of 594,374,574 Shares.

The General Mandate (including the extended General Mandate) and the Repurchase Mandate shall continue to be in force during the period from the date of the passing of the resolutions for the approval of the General Mandate (including the extended General Mandate) and the Repurchase Mandate up to (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles, the Companies Ordinance or any other applicable laws to be held; or (iii) the revocation or variation of the General Mandate (including the extended General Mandate) or the Repurchase Mandate (as the case may be) by ordinary resolution of the Shareholders in general meeting, whichever occurs first.

LETTER FROM THE BOARD

An explanatory statement in connection with the Repurchase Mandate is set out in Appendix I to this circular. The explanatory statement contains all the requisite information required under the Listing Rules to be given to the Shareholders to enable them to make an informed decision on whether to vote for or against the resolution approving the Repurchase Mandate.

RE-ELECTION OF DIRECTORS

According to Article 86(B) of the Existing Articles, any Director appointed either to fill a casual vacancy or as an additional Director shall hold office only until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next annual general meeting of the Company (in the case of an addition to the number of Directors) and shall then be eligible for re-election at that meeting provided that any Director who so retires shall not be taken into account in determining the number of Directors who are to retire at such meeting by rotation pursuant to Article 87 of the Existing Articles.

According to Article 87 of the Existing Articles, at each annual general meeting of the Company one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires.

In accordance with Article 86(B), Mr. Zhu Dong shall retire from office at the AGM, whereas in accordance with Article 87, Mr. Zang Zheng and Mr. Xiao Wei will retire by rotation at the AGM and, being eligible, each of Mr. Zhu Dong, Mr. Zang Zheng and Mr. Xiao Wei will offer himself for re-election as executive Director respectively.

At the AGM, separate ordinary resolutions will be proposed to re-elect each of Mr. Zhu Dong, Mr. Zang Zheng and Mr. Xiao Wei as executive Director.

The biographical details of the retiring Directors proposed for re-election at the AGM are set out in Appendix II to this circular.

PROPOSED ADOPTION OF THE NEW ARTICLES

The Companies Ordinance came into effect on 3 March 2014, and the predecessor Companies Ordinance has been retitled as Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) which retains the provisions dealing with company winding-up and insolvency, disqualification of directors as well as prospectus related matters.

In response to the introduction of the Companies Ordinance as well as to update and modernise the Existing Articles, the Board proposes that amendments be made to the Existing Articles so as to bring them in line with the Companies Ordinance. At the same time, the Board also proposes to make certain housekeeping amendments to the Existing Articles.

LETTER FROM THE BOARD

Please refer to Appendix III to this circular for a summary of and reasons for the major changes proposed to be made to the Existing Articles. A full New Articles containing full terms of the proposed amendments and all previous amendments made pursuant to resolutions passed by the Shareholders at general meetings will be uploaded to the website of the Company (www.avicjoyhk.com) simultaneously with the dispatch of this circular. A copy of the New Articles showing all changes made to the Existing Articles will be available for inspection during normal business hours on any weekday (except public holidays) at the registered office of the Company in Hong Kong at Room A02, 35/F., United Centre, 95 Queensway, Hong Kong from the date of this circular up to and including the date of the AGM and at the AGM.

The proposed adoption of the New Articles is subject to the approval of the Shareholders by way of a special resolution at the AGM.

AGM

A notice convening the AGM to be held at Unit 1804A, 18/F., Tower 1, Admiralty Centre, No. 18 Harcourt Road, Admiralty, Hong Kong on Tuesday, 28 June 2016 at 11:00 a.m. is set out on pages 17 to 21 of this circular. Resolutions will be proposed at the AGM to approve, among other things, the granting of the General Mandate (including the extended General Mandate) and the Repurchase Mandate, the proposed re-election of Directors and the proposed adoption of the New Articles.

A form of proxy for use at the AGM is enclosed with this circular and such form of proxy is also published at the website of the Stock Exchange at www.hkexnews.hk. Whether or not you are able to attend the AGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the Hong Kong share registrar of the Company, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish.

Pursuant to Rule 13.39(4) of the Listing Rules and Article 59(A) of the Existing Articles, all votes at the AGM will be taken by poll and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors consider that the proposed grant of the General Mandate (including the extended General Mandate) and the Repurchase Mandate, the proposed re-election of Directors and the proposed adoption of the New Articles are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the AGM.

GENERAL

The Board confirms that to the best of their knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, no Shareholder is required to abstain from voting on any resolution to be proposed at the AGM.

Your attention is drawn to the information set out in the appendices to this circular.

Yours faithfully
For and on behalf of the Board of
AVIC Joy Holdings (HK) Limited
Wang Xiaowei
Chief Executive Officer and Executive Director

This Appendix serves as an explanatory statement which contains all the information required under Rule 10.06(1)(b) of the Listing Rules and also constitutes a memorandum required under section 239(2) of the Companies Ordinance.

1. SHARE CAPITAL

As at the Latest Practicable Date, 5,943,745,741 Shares were in issue and outstanding.

Subject to the passing of the proposed resolution for the approval of the Repurchase Mandate and on the basis that no further Shares are issued or repurchased by the Company prior to the AGM, the Directors will be allowed under the Repurchase Mandate to repurchase a maximum of 594,374,574 Shares, representing 10% of the total number of issued and outstanding Shares as at the Latest Practicable Date.

2. REASONS FOR THE REPURCHASE

The Directors believe that the Repurchase Mandate is in the best interests of the Company and the Shareholders as a whole. An exercise of the Repurchase Mandate may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made when the Directors believe that a repurchase will benefit the Company and the Shareholders as a whole.

3. FUNDING OF REPURCHASES

Repurchases would be funded entirely from the Company's available cash flow or working capital facilities which will be funds legally available under the laws of Hong Kong and the Articles for such purpose. The Companies Ordinance provides that a company may make a payment in respect of a share repurchase out of the company's distributable profits and/or the proceeds of a fresh issue of Shares made for the purpose of the repurchase to such extent allowable under the Companies Ordinance.

An exercise of the Repurchase Mandate in full may have a material adverse impact on the working capital and gearing position of the Company compared with those as at 31 December 2015, being the date of its latest published audited consolidated accounts. The Directors do not, however, intend to make any repurchase in circumstances that would have a material adverse impact on the working capital or gearing position of the Company.

4. SHARE PRICES

The highest and lowest prices at which the Shares have been traded on the Stock Exchange in each of the previous twelve calendar months immediately prior to the Latest Practicable Date were as follows:

| | Highest <i>HK\$</i> | Lowest <i>HK\$</i> |
|-----------------------------------------|-------------------------------|------------------------------|
| 2015 | | |
| May | 0.760 | 0.445 |
| June | 0.680 | 0.450 |
| July | 0.550 | 0.180 |
| August | 0.450 | 0.220 |
| September | 0.320 | 0.265 |
| October | 0.295 | 0.255 |
| November | 0.300 | 0.265 |
| December | 0.285 | 0.238 |
| 2016 | | |
| January | 0.275 | 0.200 |
| February | 0.235 | 0.195 |
| March | 0.227 | 0.195 |
| April | 0.206 | 0.190 |
| May (up to the Latest Practicable Date) | 0.209 | 0.182 |

5. REPURCHASE OF SECURITIES FROM DIRECTORS, THEIR CLOSE ASSOCIATES AND CORE CONNECTED PERSONS

None of the Directors or, to the best of their knowledge having made all reasonable enquiries, their close associates, has any present intention to sell to the Company any of the Shares if the Repurchase Mandate is approved at the AGM.

No core connected person of the Company has notified the Company that he/she/it has a present intention to sell any Shares to the Company nor has any such core connected person undertaken not to sell any of the Shares held by him/her/it to the Company in the event that the Repurchase Mandate is passed.

6. UNDERTAKING OF THE DIRECTORS

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Mandate in accordance with the Listing Rules and applicable laws of Hong Kong.

7. EFFECT OF TAKEOVERS CODE AND MINIMUM PUBLIC HOLDING

If a Shareholder's proportionate interest in the voting rights of the Company increases as a result of the Company repurchasing Shares pursuant to the Repurchase Mandate, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a Shareholder or group of Shareholders acting in concert, depending on the level of increase in the Shareholder's interests, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code. Save as the aforesaid, the Directors are not aware of any consequences which would arise under the Takeovers Code as a result of any repurchase of Shares.

As at the Latest Practicable Date, the following Shareholders were interested in more than 10% of the Shares then in issue:

| Name | Number of Shares | Approximate percentage holding |
|-----------------------------------------|---------------------|--------------------------------------|
| Billirich Investment Limited | 1,031,595,000 | 17.36% |
| AVIC International Holding (HK) Limited | 1,031,595,000 | 17.36% |
| Tacko International Limited | 1,031,595,000 | 17.36% |
| AVIC International (HK) Group Limited | 1,535,618,891 | 25.84% |
| AVIC International Holding Corporation | 1,596,428,891 | 26.86% |
| Aviation Industry Corporation of China | 1,596,428,891 | 26.86% |

In the event that the Directors exercise in full the power to repurchase Shares in accordance with the Repurchase Mandate, the total interests of the above Shareholders in the Shares would be increased to:

| Name | Approximate percentage holding |
|-----------------------------------------|-----------------------------------|
| Billirich Investment Limited | 19.28% |
| AVIC International Holding (HK) Limited | 19.28% |
| Tacko International Limited | 19.28% |
| AVIC International (HK) Group Limited | 28.71% |
| AVIC International Holding Corporation | 29.84% |
| Aviation Industry Corporation of China | 29.84% |

On the basis of the current shareholdings of the above Shareholders, an exercise of the Repurchase Mandate in full may not result in them becoming obliged to make a mandatory offer under Rule 26 of the Takeovers Code.

The Directors have no intention to exercise the Repurchase Mandate to such an extent that will result in the number of Shares in the hands of the public falling below the prescribed minimum percentage of 25%.

8. SHARE REPURCHASE MADE BY THE COMPANY

The Company had not repurchased any Shares (whether on the Stock Exchange or otherwise) during the previous six months immediately prior to the Latest Practicable Date.

This Appendix sets out details of the Directors who will retire from office at the AGM and being eligible, will offer themselves for re-election at the AGM as below:

Mr. Zhu Dong (“Mr. Zhu”)

Mr. Zhu Dong, aged 42, has been the chairman of the Board and an executive Director since December 2015. He is also a member of the remuneration committee of the Company, and a member and the chairman of the nomination committee of the Company. Mr. Zhu holds a Master’s degree and a Bachelor’s degree in Management Accounting and is a senior accountant. He has over 22 years of experience in accounting, corporate finance and advisory. He is also a director of certain companies controlled by certain substantial shareholders of the Company and of certain subsidiaries of the Company. Mr. Zhu is an executive director and a deputy chief executive officer of Peace Map Holding Limited (“Peace Map”), the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 402). The Company holds 6.79% issued share capital of Peace Map. Mr. Zhu was the deputy chief financial officer of AVIC International (HK) Group Limited, a substantial shareholder of the Company, until his resignation with effect from 1 February 2016.

Mr. Zhu has not entered into any service contract with the Company. He is entitled to an annual emolument of HK\$36,000 and a discretionary bonus subject to review by the remuneration committee of the Company with reference to his duties and responsibilities with the Company and its remuneration policy. Although there is no specific term or proposed length of services for Mr. Zhu’s appointment, he is subject to retirement by rotation (at least once every three years) and re-election at annual general meeting of the Company pursuant to the Existing Articles.

As at the Latest Practicable Date, the spouse of Mr. Zhu (“**Mrs. Zhu**”) held 1,740,000 Shares. Mr. Zhu was deemed to be interested in such Shares held by Mrs. Zhu. Save as disclosed above, Mr. Zhu did not have, and was not deemed to have, any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Save as disclosed above, as at the Latest Practicable Date, Mr. Zhu did not hold any other positions with the Company and other members of the Group and did not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company or its subsidiaries or any of their respective associates. Mr. Zhu did not hold any other directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years.

Mr. Zang Zheng (“Mr. Zang”)

Mr. Zang Zheng, aged 65, has been an executive Director since December 2010. Mr. Zang was educated in Northwestern Polytechnical University, the PRC in Aeronautics Material. He has over 35 years of experience in management and investment. Mr. Zang is also a vice president of a subsidiary of the Company and a director of certain subsidiaries of the Company. Mr. Zang served as a professional senior engineer and had held various executive positions in the Aviation Industry Corporation of China, a substantial shareholder of the Company.

Mr. Zang has not entered into any service contract with the Company. He is entitled to an annual emolument of HK\$36,000 and a discretionary bonus subject to review by the remuneration committee of the Company with reference to his duties and responsibilities with the Company and its remuneration policy. Although there is no specific term or proposed length of services for Mr. Zang's appointment, he is subject to retirement by rotation (at least once every three years) and re-election at annual general meeting of the Company pursuant to the Existing Articles.

Save as disclosed above, as at the Latest Practicable Date, Mr. Zang did not have, and was not deemed to have any other interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations which is required to be disclosed under Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Save as disclosed above, as at the Latest Practicable Date, Mr. Zang did not hold any other positions with the Company and other members of the Group and did not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company or its subsidiaries or any of their respective associates. Mr. Zang did not hold any other directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years.

Mr. Xiao Wei (“Mr. Xiao”)

Mr. Xiao Wei, aged 54, has been re-designated as an executive Director from an independent non-executive Director since November 2012. He was an independent non-executive Director from May 2005 to November 2012, and the chairman and a member of each of the audit committee and the remuneration committee of the Company from April 2008 to November 2012, as well as a member of the nomination committee of the Company from March 2012 to November 2012. Mr. Xiao graduated from the Electrical Engineering Department of Shanghai Tong Ji University, the PRC. He has 31 years of experience in engineering and management. He is also a director of a subsidiary of the Company and a director of an associate of the Company.

Mr. Xiao has not entered into any service contract with the Company. He is entitled to an annual emolument of HK\$36,000 and a discretionary bonus subject to review by the remuneration committee of the Company with reference to his duties and responsibilities with the Company and its remuneration policy. Although there is no specific term or proposed length of services for his appointment, he is subject to retirement by rotation (at least once every three years) and re-election at annual general meeting of the Company pursuant to the Existing Articles.

Save as disclosed above, as at the Latest Practicable Date, Mr. Xiao did not have, and was not deemed to have any other interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations which is required to be disclosed under Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Save as disclosed above, as at the Latest Practicable Date, Mr. Xiao did not hold any other positions with the Company and other members of the Group and did not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company or its subsidiaries or any of their respective associates. Mr. Xiao did not hold any other directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years.

Save as disclosed herein, there is no information relating to each of Mr. Zhu, Mr. Zang and Mr. Xiao that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules and there is no other matter relating to each of Mr. Zhu, Mr. Zang and Mr. Xiao that needs to be brought to the attention of the Shareholders and the Stock Exchange.

The Board proposes to make amendments to the Existing Articles, including, among others, the following major changes to the Existing Articles in order to bring the Articles of Association in line with the Companies Ordinance.

| Amendments to the Existing Articles | Affected Clause No. in Memorandum or Article No. |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------|
| 1. inserting provisions in the former memorandum of association of the Company (the “ Memorandum ”) regarding company name and members’ limited liabilities into the Articles of Association (those provisions in the Memorandum having been statutorily regarded as provisions of the Articles pursuant to section 98 of the Companies Ordinance) and expressly providing that the liability of the members of the Company is limited to any amount unpaid on shares held by them; | First, Fourth Clauses in Memorandum |
| 2. inserting provision in the Memorandum regarding Company’s registered office and subscribers into the Articles; | Second Clause in and each end of Memorandum and the Existing Articles |
| 3. abandoning objects clause provisions in the New Articles; | Third Clause in Memorandum |
| 4. excluding the application of the model articles set out in the Companies (Model Articles) Notice (Chapter 622H of the Laws of Hong Kong) to the Company; | Article 1 |
| 5. inserting the definition of “Companies Ordinance” in the Existing Articles to make reference to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and where appropriate, for the definition of “predecessor Companies Ordinance” to make reference to the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong); | Article 2 |
| 6. amending or deleting the provisions relating to various ways to alter the Company’s capital in light of the abolishment of the par value for shares; | Fifth Clause in Memorandum, Articles 3, 4, 6, 7, 8, 20, 22, 25 |
| 7. deleting references relating to “memorandum”, “nominal value”, “nominal amount of the shares”, “premium”, “share premium account” and “capital redemption reserve” or similar wordings in the Existing Articles and where applicable, replacing references to nominal value of shares with total voting rights; | Fifth Clause in Memorandum, Articles 4, 50, 59(B), 63, 126, 127 |

| | Affected Clause No. in Memorandum or Article No. |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|
| Amendments to the Existing Articles | |
| 8. broadening the disclosure of interest by Directors to include the disclosure of interests of the Directors' "connected entity" (within the meaning given under section 486 of the Companies Ordinance); | Article 97 |
| 9. requiring the Board to give the reasons for declining to register a Share transfer if requested by the transferor or transferee; | Article 37 |
| 10. removing the Company's power to convert any paid up Shares into stock (or vice versa); | Articles 45, 46, 47 |
| 11. allowing the affixing of official seal to share certificates by mechanical means or printing; | Articles 14, 111 |
| 12. adopting the new procedures for replacement of lost share certificates required under the Companies Ordinance; | Article 18(B) |
| 13. requiring the holding of an annual general meeting in respect of each financial year; | Article 48 |
| 14. shortening the required notice period for convening a general meeting (other than an annual general meeting) to 14 days and not less than 10 clear business days; | Article 50 |
| 15. reducing the voting rights threshold and increasing the headcount threshold for demanding a poll such that, among others, any member(s) of the Company holding at least 5% of the total voting rights of all the members of the Company having the right to vote at the meeting or any 5 members of the Company entitled to vote at the meeting can demand a poll; | Article 59(B) |
| 16. providing that the proxy in respect of a poll taken more than 48 hours after it was demanded is required to be deposited not less than 24 hours before the time appointed for the taking of the poll, and that any public holiday shall be excluded from being counted towards the time for depositing proxy and permitting the proxy to be sent to the Company by electronic means if and as specified by the Company; | Article 71 |
| 17. prescribing in detail the manner and form in which notices and documents may be sent to the members of the Company (and in particular, the conditions for deemed consent from members of the Company to receive them through the Company's website) and the time when notices and documents are deemed to be delivered; and | Articles 51, 52, 132, 134 |

| Amendments to the Existing Articles | Affected Clause No. in Memorandum or Article No. |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|
| 18. providing that notices and documents given to any one of the joint holders of any Share shall be deemed to have been given to all the holders of such Share and that agreement given by any one of the joint holders of Share shall be deemed as agreement by all the holders of such Share. | Article 133 |

A full New Articles containing full terms of the proposed amendments and all previous amendments made pursuant to resolutions passed by the members of the Company at general meetings will be uploaded to the website of the Company (www.avicjoyhk.com) simultaneously with the dispatch of this circular. A copy of the New Articles showing all proposed changes made to the Existing Articles will be available for inspection during normal business hours on any weekday (except public holidays) at the registered office of the Company in Hong Kong at Room A02, 35/F., United Centre, 95 Queensway, Hong Kong from the date of this circular up to and including the date of the AGM and at the AGM.

The proposed adoption of the New Articles is subject to the approval of the Shareholders by way of a special resolution at the AGM.

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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)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that an annual general meeting of AVIC Joy Holdings (HK) Limited (the “**Company**”) will be held at Unit 1804A, 18/F., Tower 1, Admiralty Centre, No. 18 Harcourt Road, Admiralty, Hong Kong on Tuesday, 28 June 2016 at 11:00 a.m. for the following purposes:

AS ORDINARY BUSINESS AND ORDINARY RESOLUTIONS:

1. To receive and consider the audited consolidated financial statements and the reports of the directors (the “**Directors**”) and auditors of the Company for the year ended 31 December 2015;
2.
 - (a) To re-elect Mr. Zhu Dong as executive Director;
 - (b) To re-elect Mr. Zang Zheng as executive Director;
 - (c) To re-elect Mr. Xiao Wei as executive Director; and
 - (d) To authorise the board of Directors to fix the Directors’ remuneration;
3. To re-appoint Messrs. Ernst & Young as the auditors of the Company and to authorise the board of Directors to fix their remuneration;

AS ORDINARY RESOLUTIONS:

4. To, as special business, consider and, if thought fit, pass the following resolution as an ordinary resolution:

“**THAT:**

- (a) subject to paragraph (c) below, pursuant to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with additional shares of the Company (the “**Shares**”) and to grant rights to subscribe for, or convert any security into, the Shares (including the issue of any securities convertible into Shares, or options, warrants or similar rights to subscribe for any Shares) and to make, or grant offers, agreements and options, which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;

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- (b) the approval in paragraph (a) above shall be in addition to any other authorisation given to the Directors and shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate number of Shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise) by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to:
 - (i) a Rights Issue (as defined below); or
 - (ii) the grant of options or rights to acquire Shares or an issue of Shares upon exercise of options or rights granted under the existing share option scheme of the Company or similar arrangement for the time being adopted and approved by the shareholders of the Company; or
 - (iii) any scrip dividend or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company in force from time to time (the “**Articles**”); or
 - (iv) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any options, warrants or similar rights granted by the Company or any securities which are convertible into Shares,

shall not exceed the aggregate of:

- (aa) 20% of the total number of Shares in issue on the date of the passing of this resolution; and
- (bb) (if the Directors are so authorised by a separate ordinary resolution of the shareholders of the Company) the aggregate number of Shares repurchased by the Company subsequent to the passing of this resolution (up to a maximum equivalent to 10% of the total number of Shares in issue on the date of the passing of resolution no. 5),

and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly;
and

- (d) for the purposes of this resolution:

“**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;

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- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles, the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the “**Companies Ordinance**”) or any other applicable laws to be held; and
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution;

“**Rights Issue**” means an offer of Shares, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the Directors to holders of Shares on the register on a fixed record date in proportion to their then holdings of Shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction outside Hong Kong or any recognised regulatory body or any stock exchange outside Hong Kong).”

5. To, as special business, consider and, if thought fit, pass the following resolution as an ordinary resolution:

“**THAT:**

- (a) subject to paragraph (b) below, the exercise by the Directors during the Relevant Period (as defined below) of all powers of the Company to purchase the Shares on the Stock Exchange or any other stock exchange on which the Shares may be listed and recognised by the Securities and Futures Commission and the Stock Exchange for such purpose, and otherwise in accordance with the rules and regulations of the Securities and Futures Commission, the Stock Exchange, the Companies Ordinance and all other applicable laws in this regard, be and the same is hereby generally and unconditionally approved;
- (b) the aggregate number of Shares which may be purchased by the Company pursuant to the approval in paragraph (a) of this resolution during the Relevant Period shall not exceed 10% of the total number of Shares in issue as at the date of the passing of this resolution (subject to adjustment in the case of any conversion of any or all of the Shares into a larger or smaller number of Shares in accordance with section 170(2)(e) of the Companies Ordinance after the passing of this resolution) and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and
- (c) for the purposes of this resolution, “**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles, the Companies Ordinance or any other applicable laws to be held; and

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(iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution.”

6. To, as special business, consider and, if thought fit, pass the following resolution as an ordinary resolution:

“**THAT** the Directors be and are hereby authorised to exercise the authority referred to in paragraph (a) of resolution no. 4 above in respect of the share capital of the Company referred to in subparagraph (iv)(bb) of paragraph (c) of such resolution.”

AS SPECIAL RESOLUTION:

7. To, as special business, consider and, if thought fit, pass the following resolution as a special resolution:

“**THAT**

- (a) the new articles of association of the Company (the “**New Articles**”), a copy of which has been produced to this meeting marked “A” and initialled by the chairman of this meeting for the purpose of identification, be and is hereby approved and adopted as the new articles of association of the Company in substitution for and to the exclusion of the articles of association of the Company in force immediately before the passing of this special resolution; and
- (b) any Director be and is hereby authorized to do all such acts and execute all such documents as he/she considers desirable, necessary or expedient for the purpose of or in connection with the implementation of or giving effect to the foregoing.”

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

Hong Kong, 26 May 2016

Registered office and principal place of business:
Room A02, 35/F
United Centre
No. 95 Queensway
Hong Kong

Notes:

1. A member entitled to attend and vote at the annual general meeting of the Company convened by the above notice is entitled to appoint one or more proxy to attend and, subject to the provisions of the Articles, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the annual general meeting to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of Shares in respect of which each such proxy is so appointed.
2. In case of joint holders of a Share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the Shares.

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3. In order to be valid, the form of proxy must be deposited together with a power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority, at the offices of the Company's share registrar in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time for holding the annual general meeting or any adjournment thereof. Completion and return of a form of proxy will not preclude a shareholder of the Company from attending in person and voting at the annual general meeting or any adjournment thereof, should he so wish.
4. In relation to the proposed resolution no. 2 above, the details of all retiring Directors are set out in Appendix II to the circular of the Company dated 26 May 2016.
5. In relation to the proposed resolutions nos. 4 and 6 above, approval is being sought from the shareholders for the grant to the Directors of a general mandate to authorise the allotment and issue of shares of the Company under the Listing Rules.
6. In relation to the proposed resolution no. 5 above, the Directors wish to state that they will exercise the powers conferred thereby to repurchase Shares in circumstances which they deem appropriate for the benefit of the shareholders of the Company. An explanatory statement containing the information necessary to enable the shareholders to make an informed decision to vote on the proposed resolution as required by the Listing Rules is set out in Appendix I to the circular of the Company dated 26 May 2016.
7. In relation to the proposed resolution no. 7 above, a summary of and reasons for the major changes proposed to be made to the existing articles of association of the Company are set out in Appendix III to the circular of the Company dated 26 May 2016.
8. As of the date of this notice, the board of Directors comprises Mr. Zhu Dong (Chairman), Mr. Wang Xiaowei (Chief Executive Officer), Mr. Zang Zheng and Mr. Xiao Wei as executive Directors; and Mr. Hu Xiaowen, Mr. Gong Changhui and Mr. Wu Meng as independent non-executive Directors.