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 stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

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

AVIC

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 REFRESHMENT OF GENERAL MANDATE AND NOTICE OF EXTRAORDINARY GENERAL MEETING

Financial Adviser to AVIC Joy Holdings (HK) Limited

Lego Corporate Finance Limited
力高企業融資有限公司

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

GOLDIN FINANCIAL LIMITED
高銀融資有限公司

A letter from the Board is set out on pages 4 to 11 of this circular. A letter from Independent Board Committee is set out on page 12 of this circular. A letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 13 to 23.

A notice dated 7 December 2016 convening the EGM of AVIC Joy Holdings (HK) Limited to be held at Unit 1804A, 18/F, Tower 1, Admiralty Centre, No. 18 Harcourt Road, Admiralty, Hong Kong, on Thursday, 22 December 2016 at 11:30 a.m. (or so soon thereafter as the extraordinary general meeting of the Company in relation to the major transaction of the Company (as disclosed in the circular of the Company dated 18 November 2016) convened on the same date and at the same place at 11:00 a.m. shall have been concluded or adjourned) is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use at the EGM is enclosed with this circular. Such form of proxy is also published on the website of the Stock Exchange at www.hkexnews.hk. Whether or not you propose to attend the meeting, you are requested to read the notice of EGM and to complete the form of proxy enclosed in this circular in accordance with the instructions printed thereon and return the same to the Company's Hong Kong share registrar and transfer office, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding of the meeting or any adjournment thereof. Completion and return of the proxy form shall not preclude you from attending and voting at the meeting should you so wish.

7 December 2016

CONTENTS

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

"AGM"	the annual general meeting of the Company held on 28 June 2016 in which the Shareholders had approved, among other matters, the Existing General Mandate
"Announcement"	the announcement of the Company dated 21 November 2016 in relation to the proposed refreshment of the Existing General Mandate
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"AVIC"	Aviation Industry Corporation of China, a state-owned enterprise held and controlled by the State Council of the PRC, it is the ultimate controlling shareholder
"AVIC International (HK)"	AVIC International (HK) Group Limited, a company incorporated in Hong Kong with limited liability, a wholly-owned subsidiary of AVIC International Holding Corporation, which in turn is owned as to approximately 62.52% by AVIC as at the Latest Practicable Date
"Board"	the board of Directors
"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)
"controlling shareholder(s)"	has the same meaning ascribed to it under the Listing Rules
"Director(s)"	the director(s) of the Company
"EGM"	the extraordinary general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve, the proposed grant of the Refreshment of General Mandate
"Existing General Mandate"	the general mandate granted to the Directors by the resolution of the Shareholders passed at the AGM to allot, issue and deal with new Shares not exceeding 20% of the total number of Shares in issue as at the date of the AGM

"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Board Committee"	an independent committee of the Board, comprising all independent non-executive Directors, to advise the Independent Shareholders in relation to the Refreshment of General Mandate
"Independent Financial Adviser" or "Goldin"	Goldin Financial Limited, a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO, who has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Refreshment of General Mandate
"Independent Shareholder(s)"	Shareholder(s) other than the controlling shareholders and their associates or, if there is no controlling shareholder, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates
"Latest Practicable Date"	5 December 2016, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"New General Mandate"	the new general mandate proposed to be granted to the Directors at the EGM to allot, issue and deal with new Shares not exceeding 20% of the issued share capital of the Company as at the date of passing the relevant resolution on the Refreshment of General Mandate at the EGM
"Period"	the period between the Latest Practicable Date and the date of the EGM
"PRC"	the People's Republic of China, which, for the purposes of this circular excludes Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"Refreshment of General Mandate"	the proposed refreshment of the Existing General Mandate by way of granting the New General Mandate

"SFC"	the Securities and Futures Commission
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) in the issued share capital of the Company
"Shareholder(s)"	the holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"%"	per cent

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

Independent non-executive Directors:
Mr. HU Xiaowen
Mr. GONG Changhui
Mr. WU Meng

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

7 December 2016

To the Shareholders

Dear Sir/Madam,

PROPOSED REFRESHMENT OF GENERAL MANDATE AND NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference is made to the Announcement relating to the proposed refreshment of the Existing General Mandate. The purpose of this circular is to provide you with (i) information in respect of the proposed grant of the Refreshment of General Mandate; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders in respect of the proposed grant of the Refreshment of General Mandate; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the proposed grant of the Refreshment of General Mandate; and (iv) the notice of the EGM.

BACKGROUND TO THE REFRESHMENT OF GENERAL MANDATE

At the AGM, the Existing General Mandate was granted to the Directors which enabled the Directors to allot, issue and deal with new Shares not exceeding 20% of the issued share capital of the Company as at the date of the AGM (i.e. a maximum of 1,188,749,148 Shares).

On 3 November 2016, the Company announced the placing of the convertible notes of the Company to not less than six placees through a placing agent on a best effort basis. The aforesaid placing was completed on 17 November 2016 whereby a maximum of 1,000,000,000 new Shares will be allotted and issued upon the exercise in full of the conversion right attaching to the convertible notes of the Company under the Existing General Mandate.

As a result of the above, the Existing General Mandate has been utilised as to approximately 84.1% and only 188,749,148 new Shares may be further issued and allotted under the Existing General Mandate. Save for the proposed grant of the Refreshment of General Mandate, there has been no refreshment of the Existing General Mandate since it was granted at the AGM.

Subject to the passing of such resolution at the EGM and based on the total number of 5,943,745,741 issued Shares as at the Latest Practicable Date and assuming that the Company does not issue and/or repurchase any Shares on or prior to the date of the EGM, the Refreshment of General Mandate will allow the Directors to issue and allot up to 1,188,749,148 new Shares, being 20% of the entire issued share capital of the Company as at the Latest Practicable Date.

REASONS FOR THE REFRESHMENT

The Group is principally engaged in the operation of compressed natural gas and liquefied petroleum gas vehicle refueling stations, management and operation of light-emitting diode energy management contracts, provision of finance lease and loan financing services and properties investment, and class 1 land development in the PRC.

As disclosed in the interim report of the Company for the six months ended 30 June 2016, as at 30 June 2016, the Group had cash and bank balances of approximately HK$433 million. During the period from 1 July 2016 up to the Latest Practicable Date, the Group raised fund from disposal of business and issue of convertible notes comprising (i) approximately HK$88 million from the disposal of 40% equity interest in Sino Gas Holdings Group Limited (as disclosed in the announcement of the Company dated 7 October 2016); (ii) approximately HK$93 million from the proposed disposal of the entire interests in Shandong Sinogas Company Limited, Winfield Innovations Limited and Anhui Sinogas Company Limited (as disclosed in the announcement of the Company dated 10 October 2016); and (iii) approximately HK$139 million from the placing of convertible notes (as disclosed in the announcements of the Company dated 3 November 2016 and 17 November 2016). During the same period, the Group settled a number of loans including (i) short term loans of approximately HK$188 million; (ii) Shareholder's loan and interest of approximately HK$80 million; and (iii) interest-bearing mortgage loan and bank loan and interest of approximately HK$248 million. The above results in a decrease of cash and bank balance of approximately HK$196 million.

On or before June 2017, the Group expects to receive approximately HK$91 million from the repayment of promissory note in June 2017. The Group expects to settle the interest-bearing mortgage loan and relevant interests in aggregate of approximately HK$158 million with the principals payable by instalments of HK$58 million in December 2016 and HK$58 million in June 2017. The Group expects to settle the Shareholder's loan and relevant interest in aggregate of approximately HK$78 million with the principal of the loan of approximately HK$73 million payable in May 2017. The above will result in a further funding need of approximately HK$145 million on or before June 2017.

Furthermore, on or before December 2017, the Group expects to settle (i) the interest-bearing mortgage loan and relevant interests in aggregate of approximately HK$143 million with the principals payable by instalment of approximately HK$116 million in December 2017; and (ii) the Shareholder's loan and relevant interest in aggregate of approximately HK$76 million with the principal of the loan of approximately HK$73 million payable in November 2017. The above will result in a further funding need of approximately HK$219 million from July 2017 to December 2017.

As disclosed in the circular of the Company dated 18 November 2016, the Company currently has no expansion plan for its business operations within the next 12 months but may reallocate resources from time to time subject to ordinary operating requirement. Nevertheless, the Company has no current plan to allocate any proceeds from equity issue by using the New General Mandate (if granted) for expanding its existing business operations within the next 12 months.

Notwithstanding that (i) the Company can remain using the unutilised Existing General Mandate of approximately 188.7 million Shares available for further issue; and (ii) the Company has no expansion plan for its existing business operations within coming 12 months, having considered that (a) the Group's gearing ratio as at 30 June 2016, representing the ratio of the Group's net borrowing divided by equity attributable to owners of the parent plus net borrowing, was 68.5%, thus it might not be in the best interest of the Group to obtain bank borrowing as a reasonable interest rate cannot be easily obtained; (b) the remaining 188,749,148 new Shares that may be further issued under the Existing General Mandate can only raise gross proceeds of approximately HK$28.7 million assuming the issue price is equivalent to the average closing price of approximately HK$0.152 per Share as quoted on the Stock Exchange for the last five consecutive trading days of the Shares before and including the Latest Practicable Date. Such fund raising size is not sufficient to effectively cover the potential funding needs within the coming 12 months as stated in paragraph (c) below; and maintain adequate cash reserve in line with prudent financial management and (c) the Refreshment of General Mandate will empower the Directors to issue new Shares under the refreshed limit and provide the Company with the flexibility and ability to capture any appropriate capital raising opportunities in a timely manner, which may arise, for its general working capital such as staff costs and office expenses in Hong Kong as estimated to be around HK$35 million for the year ending 31 December 2017 and repayment of indebtedness of the Group of approximately HK$145 million and HK$219 million when they fall due on or before June 2017 and from July 2017 to December 2017, respectively, as and when the Directors consider necessary, the Directors consider that the Group has emerging funding needs for general working capital and payment of its debt and relevant interests within the coming 12 months and it is a prudent financial management approach of the Group to seek for Refreshment of General Mandate to equip itself with as many fund-raising options as possible and maintain maximum flexibility to cater for any future funding needs including general working capital and repayment of debt when they fall due on or before June 2017 as disclosed above in an effective and timely manner, in particular in light of the anticipated rising interest rate environment. The grant of the Refreshment of General Mandate provides an additional option and flexibility in fund raising, and thus is in the interests of the Company and the Shareholders as a whole. Therefore, the Board proposes to seek the approval of Independent Shareholders to grant the Refreshment of General Mandate at the EGM.

OTHER FINANCING ALTERNATIVES

Apart from equity financing by issue of new Shares under the proposed Refreshment of General Mandate (if granted to the Directors), the Directors have also considered other financing methods (such as debt financing, rights issue and/or open offer) to meet the financial requirements of the Group, and will continue to explore other financing activities as and when appropriate, after taking into account the then financial position, capital structure and cost of funding of the Group as well as the prevailing market condition.

Debt financing such as bank borrowing may incur interest burden to the Group and may be subject to lengthy due diligence and negotiations. In addition, the ability of the Group to obtain bank borrowing usually depends on the Group's profitability, financial position and the then prevailing market condition. Given the financial performance and position of the Group as disclosed in the published financial reports, in particular, the gearing ratio of the Group was approximately 68.5% as at 30 June 2016 as mentioned above, the Company considers that it might not be in the best interests of the Group to obtain bank borrowing as a reasonable interest rate cannot be easily obtained.

In respect of rights issue or open offer, they usually involve substantial time and cost to complete as compared to equity financing through issuance of new Shares under the Refreshment of General Mandate, which allows the Company to raise capital within specified number of Shares in a timely manner and when necessary. Further, rights issues and open offers will incur payment of underwriting commission by the Company.

The Board believes that fund raising exercise pursuant to a general mandate is simpler and faster than other types of fund raising exercises and removes uncertainties in circumstances when specific mandate may not be obtained in a timely manner. When there shall be any further funding needs or if attractive offer for investment in the Shares is received from potential investors before the next annual general meeting, the Board will be able to respond to the market and such investment offer promptly. The other equity financing methods are generally more costly and/or more time consuming.

Having considered that (i) the proposed grant of the Refreshment of General Mandate will provide the Company with an additional financing alternative to capture any capital raising or prospective investment, as and when it arises, in a timely manner; (ii) the equity financing by using the Refreshment of General Mandate is less costly and time-consuming than raising fund by way of rights issue or open offer; and (iii) it is reasonable for the Company to maintain its flexibility in the selection of the best financing method for its future funding needs, the Company is of the view that the proposed grant of the Refreshment of General Mandate is in the interests of the Company and the Shareholders as a whole.

Nevertheless, the Directors will in any event exercise due and careful consideration when choosing the best method of financing for the Group including issue Shares under the New General Mandate, specific mandate or other pre-emptive fund raising methods such as rights issue and open offer. The Directors have no current plan to issue new Shares under the New General Mandate.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The following are the equity fund raising activities of the Company in the past twelve months:

Date of announcement	Event	Net proceeds (approximately)	Intended use of proceeds	Actual use of proceeds as at the date of this circular
3 November 2016 (completed on 17 November 2016)	Placing of convertible notes in principal of HK$140 million, where 1,000,000,000 new Shares will be allotted and issued upon the exercise in full of the conversion right attaching to the convertible notes under the Existing General Mandate	Approximately HK$139 million	Repayment of short term borrowings due for settlement in November 2016 of approximately HK$110 million and general working capital of the Group	Approximately HK$110 million has been utilised for settlement of short term borrowings. The remaining proceeds will be applied as general working capital of the Group.

Save as disclosed above, the Company has not conducted any other equity fund raising activities in the past 12 months immediately preceding the Latest Practicable Date.

SHAREHOLDING STRUCTURE

The table below sets out the shareholding structure of the Company (i) as at the Latest Practicable Date and (ii) upon full utilisation of the New General Mandate (assuming that there are no changes in the issued share capital of the Company during the Period), for illustrative and reference purpose:

	As at the Latest Practiable Date		**Immediately upon the allotment and issue of the new Shares by the Company pursuant to the New General Mandate (assuming that New General Mandate is utilised in full and no further Shares are issued or repurchased by the Company during the Period)**	
	No. of Shares	*Approximate %*	*No. of Shares*	*Approximate %*
Substantial Shareholders				
Billirich Investment Limited ("Billirich") *(Note 1)*	1,031,595,000	17.36	1,031,595,000	14.46
AVIC Joy Air Holdings Limited *(Note 2)*	60,810,000	1.02	60,810,000	0.85
AVIC International (HK)	504,023,891	8.48	504,023,891	7.07
Sub-total	1,596,428,891	26.86	1,596,428,891	22.38
Directors				
Zhu Dong	1,740,000	0.03	1,740,000	0.02
Sub-total	1,740,000	0.03	1,740,000	0.02
Public				
Grand Win Overseas Ltd. *(Note 3)*	313,965,000	5.28	313,965,000	4.40
Other public Shareholders	4,031,611,850	67.83	4,031,611,850	56.53
Maximum number of new Shares to be issued under the New General Mandate	–	–	1,188,749,148	16.67
Total	5,943,745,741	100.00	7,132,494,889	100.00

Notes:

(1) 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), which in turn is a wholly-owned subsidiary of AVIC International Holding Corporation, which in turn is owned as to approximately 62.52% by AVIC as of the date of this circular. Accordingly, all these corporations are deemed to be interested in the Shares and convertible shares held by Billirich.

(2) AVIC Joy Air Holdings Limited is a wholly-owned subsidiary of AVIC Joy Air (HK) Holdings 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 approximately 42.86% by AVIC International Holding Corporation, which is a non-wholly owned subsidiary of AVIC (approximately 62.52% interest controlled by AVIC). Accordingly, all these corporations are deemed to be interested in the Shares held by AVIC Joy Air Holdings Limited.

(3) Grand Win Overseas Ltd. 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 Overseas Ltd.

Upon full utilisation of the New General Mandate, 1,188,749,148 new Shares will be issued, representing 20% of the issued share capital of the Company as at the Latest Practicable Date and approximately 16.67% of the issued share capital of the Company as enlarged by the issue of new Shares under the New General Mandate. Assuming that there are no changes in the issued share capital of the Company during the Period, the aggregate shareholding of the public Shareholders will have a potential maximum dilution from approximately 67.83% to approximately 56.53% upon full utilisation of the New General Mandate, which the Board considers such dilution effect to be acceptable having taking into account, among others, the funding needs, the existing gearing ratio of the Group and the enhancement of financial flexibility to the Group as a result of the Refreshment of General Mandate.

EGM

A notice of convening the EGM to be held at Unit 1804A, 18/F, Tower 1, Admiralty Centre, No. 18 Harcourt Road, Admiralty, Hong Kong, on Thursday, 22 December 2016 at 11:30 a.m. (or so soon thereafter as the extraordinary general meeting of the Company in relation to the major transaction of the Company (as disclosed in the circular of the Company dated 18 November 2016) convened on the same date and at the same place at 11:00 a.m. shall have been concluded or adjourned) is set out on pages EGM-1 to EGM-3 in this circular. Ordinary resolution(s) will be proposed at the EGM for the purpose of considering and, if thought fit, approving the proposed grant of the Refreshment of General Mandate. The voting on ordinary resolution(s) to be proposed at the EGM will be taken by way of poll. Pursuant to Rules 13.36(4) of the Listing Rules, the Refreshment of General Mandate requires the approval of the Independent Shareholders at the EGM taken on a vote by way of poll, any controlling shareholders and their associates, or where there is no controlling shareholder, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates, shall abstain from voting in favour of the relevant resolution to approve the Refreshment of General Mandate.

As at the Latest Practicable Date, there is no controlling shareholder. As Mr. Zhu Dong, being the executive Director and chairman of the Company, together with his associates, held 1,740,000 Shares, representing approximately 0.03% of the total issued share capital of the Company as at the Latest Practicable Date, Mr. Zhu Dong and his associates are required to abstain from voting in favour of the ordinary resolution to approve the Refreshment of General Mandate at the EGM.

An announcement will be made by the Company after the EGM on the result of the EGM with respect to whether or not the proposed ordinary resolution have been passed by the Shareholders.

A form of proxy for use by the Shareholders at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and deposit the same to the 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 holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

RECOMMENDATION

Your attention is drawn to the letter from the Independent Financial Adviser set out on pages 13 to 23 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in connection with the Refreshment of General Mandate and the letter from the Independent Board Committee set out on page 12 of this circular which contains its recommendation to the Independent Shareholders in relation to the Refreshment of General Mandate.

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the Refreshment of General Mandate is in the interests of the Company and the Shareholders as a whole and is fair and reasonable so far as the Independent Shareholders are concerned and accordingly recommends the Independent Shareholders to vote in favour of the ordinary resolution which will be proposed at the EGM for approving the Refreshment of General Mandate.

Having considered the reasons set out herein, the Board is of the view that the Refreshment of General Mandate is fair and reasonable, and is in the interests of the Company and the Shareholders as a whole. The Board hereby recommends the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the EGM to approve the Refreshment of General Mandate.

RESPONSIBILITY STATEMENTS

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 Group. 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, there are no other matters the omission of which would make any statement herein or this circular misleading.

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

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)

7 December 2016

To the Independent Shareholders

Dear Sir/Madam,

REFRESHMENT OF GENERAL MANDATE

We refer to the circular of the Company dated 7 December 2016 (the "**Circular**") of which this letter forms part. Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed as members of Independent Board Committee by the Board to advise the Independent Shareholders as to whether the Refreshment of General Mandate is in the interests of the Company and the Shareholders as a whole and whether the terms of the Refreshment of General Mandate are fair and reasonable so far as the Independent Shareholders are concerned. Goldin Financial Limited is appointed as the independent financial adviser to advise us in this respect.

Having considered the principal factors and the advice of the Independent Financial Adviser as set out in its letter of advice to us on pages 13 to 23 of the Circular, we are of the opinion that the Refreshment of General Mandate is in the interests of the Company and the Shareholders as a whole and the terms of which are fair and reasonable so far as the Company and the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Refreshment of General Mandate.

Yours faithfully,
Independent Board Committee

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

Independent Non-Executive Directors

The following is the full text of the letter from Goldin setting out the advice to the Independent Board Committee and Independent Shareholders in respect of the Refreshment of General Mandate prepared for the purpose of incorporation in this circular.

GOLDIN FINANCIAL LIMITED
高銀融資有限公司

Goldin Financial Limited
Suites 2202-2209, 22/F
Two International Finance Centre
8 Finance Street
Central
Hong Kong

7 December 2016

To the Independent Board Committee and
the Independent Shareholders

Dear Sirs,

PROPOSED REFRESHMENT OF GENERAL MANDATE

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Refreshment of General Mandate, details of which are set out in the letter from the board (the "**Letter from the Board**") contained in the circular of the Company dated 7 December 2016 (the "**Circular**"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

The Board proposes to refresh the Existing General Mandate for the Directors to allot and issue new Shares not exceeding 20% of the issued share capital of the Company as at the date of passing of an ordinary resolution for approving such refreshment at the EGM. Pursuant to Rule 13.36(4) of the Listing Rules, the Refreshment of General Mandate requires the approval of the Independent Shareholders at the EGM taken on a vote by way of poll at which any controlling shareholders and their associates, or where there is no controlling shareholder, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates, shall abstain from voting in favour of the relevant resolution to approve the Refreshment of General Mandate.

As at the Latest Practicable Date, there is no controlling shareholder. As Mr. Zhu Dong, being the executive Director and chairman of the Company, together with his associates, held 1,740,000 Shares, representing approximately 0.03% of the total issued share capital of the Company as at the Latest Practicable Date., Mr. Zhu Dong and his associates are required to abstain from voting in favour of the ordinary resolution to approve the Refreshment of General Mandate at the EGM.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Hu Xiaowen, Mr. Gong Changhui and Mr. Wu Meng, has been formed to advise the Independent Shareholders as to whether the Refreshment of General Mandate is fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote after taking into account the advice of the Independent Financial Adviser.

We, Goldin, have been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Refreshment of General Mandate, and to make recommendations as to, among others, whether the Refreshment of General Mandate is fair and reasonable and as to voting in respect of the relevant resolution at the EGM. Our appointment has been approved by the Independent Board Committee.

As at the Latest Practicable Date, we did not have any relationships or interests with the Company or any other parties that could reasonably be regarded as relevant to our independence. In the last two years, we have been appointed as the independent financial adviser to the then independent board committee and the then independent shareholders of the Company, details of such appointment were set out in the circular of the Company dated 9 February 2015. Apart from normal professional fees for our services to the Company in connection with the engagement described above, no other arrangement exists whereby we will receive any fees and/or benefits from the Group. We are independent under Rule 13.84 of the Listing Rules.

BASIS OF OUR ADVICE

In arriving our opinions and recommendations, we have relied on the statements. Information, opinions and representations contained in the Circular and the information and representations provided to us by the Directors and the management of the Company. We have assumed that all information and representations contained or referred to in the Circular and all information and representations which have been provided by the Directors and the management of the Company for which they are solely and wholly responsible, were true, accurate and complete as at the Latest Practicable Date.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading. We consider that we have been provided with, and that we have reviewed, all currently available information and documents under recent circumstances to enable us to reach an informed view and to provide a reasonable basis for our opinion. We have no reason to suspect that any material facts or information have/has been withheld by the Directors or management of the Company, are/is misleading, untrue or inaccurate. We have not, however, for the purpose of this exercise, conducted any independent detailed investigation or audit into the businesses, affairs or future prospects of the Company. Our opinion was necessarily based on financial, economic, market and other conditions in effect, and the information made available to us, as at the Latest Practicable Date.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In giving our recommendations to the Independent Board Committee and the Independent Shareholders in respect of the Refreshment of General Mandate, we have taken into account the following principal factors and reasons:

1. Background of and reasons for the Refreshment of General Mandate

The Group is principally engaged in the operation of compressed natural gas and liquefied petroleum gas vehicle refueling stations, management and operation of light-emitting diode energy management contracts, provision of finance lease and loan financing services and properties investment, and class 1 land development in the PRC.

At the AGM, the Existing General Mandate was granted to the Directors by the Shareholders which enabled the Directors to allot, issue and deal with up to 1,188,749,148 new Shares, being 20% of the issued share capital of the Company as at the date of the AGM. Saved for the proposed grant of the Refreshment of General Mandate, there has been no refreshment of the Existing General Mandate since it was granted at the AGM and up to the Latest Practicable Date.

On 3 November 2016, the Company announced the placing of the convertible notes of the Company to not less than six placees through a placing agent on a best effort basis. The aforesaid placing was completed on 17 November 2016 whereby 1,000,000,000 new Shares will be allotted and issued upon the exercise in full of the conversion right attaching to the convertible notes of the Company based on the initial conversion price under the Existing General Mandate. As a result, the Existing General Mandate has been utilised as to approximately 84.1% and only 188,749,148 new Shares may be further issued and allotted under the Existing General Mandate.

To enable the Company to fulfill future funding requirement anytime before the next annual general meeting of the Company when suitable opportunities arise, the Board proposed to seek approval from the Independent Shareholders to refresh the Existing General Mandate to allow the Company to issue new Shares not exceeding 20% of the total number of issued Shares as at the date of the EGM. Subject to the passing of the relevant resolution in respect of the Refreshment of General Mandate at the EGM and based on the total number of 5,943,745,741 Shares in issue as at the Latest Practicable Date and assuming that the Company does not issue and/or repurchase any Shares from the Latest Practicable Date up to and including the date of the EGM, the grant of Refreshment of General Mandate would enable the Directors to issue and allot up to 1,188,749,148 new Shares, representing 20% of the issued share capital of the Company as at the Latest Practicable Date.

We understand from the management of the Company that the next annual general meeting of the Company will not be held until around late June 2017, which would be around seven months away from the Latest Practicable Date. As mentioned in the Letter from the Board, the Company has taken into consideration (a) the Group's gearing ratio as at 30 June 2016, representing the ratio of the Group's net borrowing divided by equity attributable to owners of the parent plus net borrowing, which was 68.5%, thus it might not be in the best interest of the Group to obtain bank borrowing as a reasonable interest rate cannot be easily obtained; (b) the remaining 188,749,148 new Shares that may be further issued under the Existing General Mandate can only raise gross proceeds of approximately HK$28.7 million assuming the issue price is equivalent to the average closing price of approximately HK$0.152 per Share as quoted on the Stock Exchange for the last five consecutive trading days of the Shares before and including the Latest Practicable Date. Such fund raising size is not sufficient to effectively cover the potential funding needs within the coming 12 months and maintain adequate cash reserve which is in line with prudent financial management; and (c) the Refreshment of General Mandate will empower the Directors to issue new Shares under the refreshed limit and provide the Company with the flexibility and ability to capture any appropriate capital raising opportunities in a timely manner, which may arise, for its general working capital such as staff costs and office expenses in Hong Kong as estimated to be around HK$35 million for the year ending 31 December 2017 and repayment of indebtedness of the Group of approximately HK$145 million and approximately HK$219 million when they fall due on or before June 2017 and from July 2017 to December 2017, respectively, as and when the Directors consider necessary, the Directors consider that the Group has emerging funding needs for general working capital and payment of its debt and relevant interests within the coming 12 months and it is a prudent financial management approach of the Group to seek for Refreshment of General Mandate to equip itself with as many fund-raising options as possible and maintain maximum flexibility to cater for any future funding needs including general working capital and repayment of debt when they fall due on or before June 2017 in an effective and timely manner, in particular in light of the anticipated rising interest rate environment.

As disclosed in the interim report of the Company for the six months ended 30 June 2016, as at 30 June 2016, the Group had cash and bank balances of approximately HK$433 million. During the period from 1 July 2016 and up to the Latest Practicable Date, the Group raised fund from disposal of business and issue of convertible notes comprising (i) approximately HK$88 million from the disposal of 40% equity interest in Sino Gas Holdings Group Limited (as disclosed in the announcement of the Company dated 7 October 2016); (ii) approximately HK$93 million from the proposed disposal of the entire interests in Shandong Sinogas Company Limited, Winfield Innovations Limited and Anhui Sinogas Company Limited (as disclosed in the announcement of the Company dated 10 October 2016); and (iii) approximately HK$139 million from the placing of convertible notes (as disclosed in the announcements of the Company dated 3 November 2016 and 17 November 2016). During the same period, the Group settled a number of loans including (i) short term loans of approximately HK$188 million; (ii) Shareholder’s loan and interest of approximately HK$80 million; and (iii) interest-bearing mortgage loan and bank loan and interest of approximately HK$248 million. The above results in an overall decrease of cash and bank balance of the Group of approximately HK$196 million.

With reference to the interim report of the Company for the six months ended 30 June 2016, we noticed that the current liabilities of the Group as at 30 June 2016 amounted to approximately HK$1,115.25 million, which mainly comprise convertible bonds of approximately HK$337.36 million and interest-bearing bank and other borrowings in the amount of approximately HK$477.22 million, while the current assets of the Group as at 30 June 2016 amounted to approximately HK$1,171.26 million, which is only slightly higher than the aforesaid current liabilities by approximately HK$56.01 million. The current assets of the Group as at 30 June 2016 mainly comprise cash and bank balances of approximately HK$433.03 million and prepayment, deposits and other receivables of approximately HK$266.03 million. We noted that the aforesaid cash and bank balances only accounts for approximately 36.97% of the total current assets of the Group as at 30 June 2016.

On or before June 2017, the Group expects to receive approximately HK$91 million from the repayment of promissory note. On the other hand, the Group expects to settle the interest-bearing mortgage loan and relevant interests in aggregate of approximately HK$158 million with the principals payable by instalments of HK$58 million in December 2016 and HK$58 million in June 2017. The Group expects to settle the Shareholder's loan and relevant interest in aggregate of approximately HK$78 million with the principal of the loan of approximately HK$73 million payable in May 2017. The above will result in a further funding needs of approximately HK$145 million on or before June 2017. Furthermore, on or before December 2017, the Group expects to settle (i) the interest-bearing mortgage loan and relevant interests in aggregate of approximately HK$143 million with the principals payable by instalment of approximately HK$116 million in December 2017; and (ii) the Shareholder's loan and relevant interest in aggregate of approximately HK$76 million with the principal of the loan of approximately HK$73 million payable in November 2017. The above will result in a further funding need of approximately HK$219 million from July 2017 to December 2017.

Given the current assets of the Group is only slightly above the total current liabilities of the Group as at 30 June 2016 and the cash and bank balance of the Group, which is considered the asset with the highest liquidity, represents a relatively small portion of the total current assets of the Group as at 30 June 2016, and taking into account the Group's proposed repayment schedule of its indebtedness of approximately HK$145 million on or before June 2017 and approximately HK$219 million from July 2017 to December 2017, we consider it is reasonable for the Company to seek for the grant of Refreshment of General Mandate for its proposed repayment of indebtedness which is expected to reduce the debt level of the Group and thereby improve its financial position. In this connection, we consider that the Refreshment of General Mandate is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

With reference to the interim report of the Company for the six months ended 30 June 2016, as at 30 June 2016, the Group had (i) total borrowings (including interest-bearing bank and other borrowings, loans from a related company, loan from non-controlling shareholders and convertible bonds) of approximately HK$2,851.83 million; and (ii) interest-bearing bank and other borrowings in the current portion of approximately HK$477.22 million, which are repayable within twelve months, while the unaudited cash and bank balances amounted to approximately HK$433.03 million. Given the decrease in cash position as mentioned above as a result of the placing and disposals conducted by the Group and the settlement of a number of loans by the Group after 30 June 2016, and that approximately 84.1% of the Existing General Mandate has already been utilised as at the Latest Practicable Date and only 188,749,148 new Shares may be further issued and allotted under the Existing General Mandate, the Company may lack flexibility to issue and allot new Shares under the Existing General Mandate if and when the Company is approached by any potential investors for investment in the Shares, which may arise at any point in time before the next annual general meeting of the Company is convened.

We consider that the grant of Refreshment of General Mandate will enable the Group to maintain a flexible fund raising capability by allowing the Company to readily issue and allot new Shares under potential Share placing and/or Share subscription exercises, thereby enabling the Company to capture capital raising opportunities when they arise and to obtain necessary funds in a timely manner for, including but not limited to, funding its business operation for staff cost and office expenses and/or to repay any outstanding debts when they fall due on or before June 2017 and from July 2017 to December 2017. We noticed that the gearing ratio of the Group, being approximately 68.5% as at 30 June 2016, has further increased from approximately 65.2% as recorded as at 31 December 2015, based on the annual report of the Company for the year ended 31 December 2015. We consider any funds available from future fund raising exercises to repay the indebtedness of the Group when they fall due on or before June 2017 and from July 2017 to December 2017 (subject to due and careful consideration by the Directors after assessing, among others, the then financial position and working capital requirement of the Group), would reduce the debt level of the Group thereby improving the gearing ratio of the Group.

Having considered that (i) the next annual general meeting of the Company will not be held until late June 2017, which is about seven months away from the Latest Practicable Date; (ii) the current assets of the Group is only slightly above the total current liabilities of the Group as at 30 June 2016 and the cash and bank balance of the Group represents a relatively small percentage of the current assets of the Group as at 30 June 2016; (iii) the cash position of the Group has further decreased by approximately HK$196 million as a result of recent placing and disposals conducted by the Group and settlement of a number of loans by the Group; (iv) the Existing General Mandate has been substantially utilised as to approximately 84.1% as at the Latest Practicable Date and only approximately HK$28.7 million may be further raised assuming the issue price is equivalent to the average closing price of approximately HK$0.152 per Share as quoted on the Stock Exchange for the last five consecutive trading days of the Shares before and including the Latest Practicable Date; and (v) the expected future funding needs of the Group's working capital and proposed repayment of outstanding debts on or before June 2017 and from July 2017 to December 2017 would improve the gearing ratio of the Group, which has further increased during the first half of 2016, we concur with the view of the Directors that the Refreshment of General Mandate will provide the Company with more flexible fund raising capability, which is crucial in the ever changing business environment, and the grant of Refreshment of General Mandate is in the interests of the Company and the Shareholders as a whole.

2. Fund raising activities of the Company in the past twelve months

Set out below are the equity fund raising activities of the Company in the past twelve months:

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds as at the date of this circular
3 November 2016 (completed on 17 November 2016)	Placing of convertible notes in principal of HK$140 million, where 1,000,000,000 new Shares will be allotted and issued upon the exercise in full of the conversion right attaching to the convertible notes under the Existing General Mandate	Approximately HK$139 million	Repayment of short term borrowings due for settlement in November 2016 of approximately HK$110 million and general working capital of the Group	Approximately HK$110 million has been utilised for settlement of short term borrowings. The remaining proceeds will be applied as general working capital of the Group.

Save as disclosed above, the Company has not conducted any other equity fund raising activities in the past 12 months immediately preceding the Latest Practicable Date.

3. Other financing alternatives

With reference to the Letter from the Board, after taking into account the then financial position, capital structure and cost of funding of the Group as well as the prevailing market condition, the Directors consider that fund raising exercise pursuant to a general mandate is simpler and faster than other types of fund raising exercises (such as debt financing, rights issue and/or open offer) and removes uncertainties in circumstances when specific mandate may not be obtained in a timely manner. In particular, when there shall be any further funding needs for the Group or if attractive offer for investment in the Shares is received from potential investors before the next general meeting of the Company is held, the Board will be able to respond to the market and such investment offer promptly. We have analysed the pros and cons of the various alternative financing methods considered by the Directors as compared to the Refreshment of General Mandate.

Despite debt financing, rights issue and open offers would allow the Group to obtain funds with more flexibility as they are not restricted to the mandate limit of the Existing General Mandate and/or future Refreshment of General Mandate, debt financing such as bank borrowing is likely to incur interest burden to the Group and may be subject to lengthy due diligence and negotiations. In addition, the ability of the Group to obtain bank borrowings primarily depends on the Group's profitability, financial position and the then prevailing market condition. Given the gearing ratio of the Group, being approximately 68.5% as at 30 June 2016, it might not be in the best interests of the Group to obtain bank borrowing as a reasonable interest rate cannot be easily obtained and if the Group is able to obtain such bank borrowings, such high borrowing cost will further deteriorate the gearing ratio of the Group. Rights issue and open offer are usually procedural and involve substantial time and cost to complete as the Company is required to follow a standard timetable in compliance with the Listing Rules. Further, rights issues and open offers may incur payment of underwriting commission by the Company.

In the event that the Existing General Mandate is not sufficient for the Company to issue and allot new Shares pursuant to potential fund raising exercises such as subscription or placing of new Shares, or if the Refreshment of General Mandate is not approved by the Independent Shareholders at the EGM, the Company may opt for issuance of new Shares under specific mandate which requires the Company to comply with the applicable Listing Rules including but not limited to publication of circular to the Shareholders and separate approval from the Independent Shareholders. We consider such lengthy process may lower the Company's bargaining power during the negotiation process of such subscription and/or placing exercise by potential investors and may potentially hinder the growth of the Company. In contrast, issuance of new Shares under general mandate allows the Company to raise capital within specified number of Shares promptly as and when necessary.

While the Refreshment of General Mandate will inevitably result in dilution impact to the existing Shareholders (as further discussed in the below section headed "**4. Potential dilution effect on shareholdings**", taking into account (i) the disadvantages of raising funds through debt financing, rights issue and/or open offers; (ii) the lengthy process for issuance of new Shares under specific mandate each time the Company proposes to issue new Shares; and (iii) the advantages of issuance of new Shares by utilisation of general mandate such that it (a) does not incur any finance costs that would otherwise be incurred as compared to debt financing; (b) requires a relatively short time frame to complete as compared to rights issues and open offers; and (c) provides the Company with an additional financing method which enables it to raise capital in a more flexible manner to satisfy its funding needs promptly as and when it arises, we are of the view that the Refreshment of General Mandate is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

4. Potential dilution effect on shareholdings

The table below sets out the shareholding structure of the Company (i) as at the Latest Practicable Date and (ii) upon full utilisation of the New General Mandate (assuming that there are no changes in the issued share capital of the Company during the Period), for illustrative and reference purpose:

	As at the Latest Practicable Date		Immediately upon the allotment and issue of the new Shares by the Company pursuant to the New General Mandate (assuming that New General Mandate is utilised in full and no further Shares are issued or repurchased by the Company during the Period)	
	No. of Shares	*Approximate %*	*No. of Shares*	*Approximate %*
Substantial Shareholders				
Billirich *(Note 1)*	1,031,595,000	17.36	1,031,595,000	14.46
AVIC Joy Air Holdings Limited *(Note 2)*	60,810,000	1.02	60,810,000	0.85
AVIC International (HK)	504,023,891	8.48	504,023,891	7.07
Sub-total	1,596,428,891	26.86	1,596,428,891	22.38
Directors				
Zhu Dong	1,740,000	0.03	1,740,000	0.02
Sub-total	1,740,000	0.03	1,740,000	0.02
Public				
Grand Win Overseas Ltd. *(Note 3)*	313,965,000	5.28	313,965,000	4.40
Other public Shareholders	4,031,611,850	67.83	4,031,611,850	56.53
Maximum number of new Shares to be issued under the New General Mandate	–	–	1,188,749,148	16.67
Total	5,943,745,741	100.00	7,132,494,889	100.00

Notes:

(1) 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), which in turn is a wholly-owned subsidiary of AVIC International Holding Corporation, which in turn is owned as to approximately 62.52% by AVIC as of the date of this circular. Accordingly, all these corporations are deemed to be interested in the Shares and convertible shares held by Billirich.

(2) AVIC Joy Air Holdings Limited is a wholly-owned subsidiary of AVIC Joy Air (HK) Holdings 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 approximately 42.86% by AVIC International Holding Corporation, which is a non-wholly owned subsidiary of AVIC (approximately 62.52% interest controlled by AVIC). Accordingly, all these corporations are deemed to be interested in the Shares held by AVIC Joy Air Holdings Limited.

(3) Grand Win Overseas Ltd. 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 Overseas Ltd.

Upon full utilisation of the New General Mandate, 1,188,749,148 new Shares will be issued, representing 20% of the issued share capital of the Company as at the Latest Practicable Date and approximately 16.67% of the issued share capital of the Company as enlarged by the issue of new Shares under the New General Mandate. Assuming that there are no changes in the issued share capital of the Company during the Period, the aggregate shareholding of the public Shareholders will have a potential maximum dilution from approximately 67.83% to approximately 56.53% upon full utilisation of the New General Mandate.

Notwithstanding the potential dilution impact to the Shareholders, in view of (i) the existing cash position upon the effect of placing and disposals conducted by the Group and the settlement of a number of loans by the Group; (ii) the working capital requirement of the Group; and (iii) certain indebtedness of the Group will fall due on or before June 2017, we consider that the Refreshment of General Mandate would provide the Group with enhanced financial flexibility and as such, we consider that the potential dilution impact to the Shareholders as a result of the Refreshment of General Mandate is acceptable.

RECOMMENDATION

Having considered the abovementioned principal factors and reasons, we are of the view that the Refreshment of General Mandate is fair and reasonable so far as the Company and the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Refreshment of General Mandate. Independent Shareholders are however advised to take note of the possible dilution effect on their shareholding in the Company when and if the Refreshment of General Mandate is utilised.

Yours faithfully,
For and on behalf of
Goldin Financial Limited
Billy Tang
Director

Note: Mr. Billy Tang is a licensed person registered with the SFC and a responsible officer of Goldin to carry out type 6 (advising on corporate finance) regulated activity under the SFO. He has over 10 years of experience in the corporate finance profession.

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 EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the "**EGM**") 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 Thursday, 22 December 2016 at 11:30 a.m. (or so soon thereafter as the extraordinary general meeting of the Company in relation to the major transaction of the Company (as disclosed in the circular of the Company dated 18 November 2016) convened on the same date and at the same place at 11:00 a.m. shall have been concluded or adjourned) for the purpose of considering and, if thought fit, passing (with or without modifications) the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

1. "**THAT**:

(a) the general mandate granted to the directors of the Company (the "**Directors**") to allot, issue and deal with the unissued shares of the Company pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 28 June 2016 be and is hereby revoked (without prejudice to any valid exercise of such general mandate prior to the passing of this resolution);

(b) subject to paragraph (d) 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;

(c) the approval in paragraph (b) 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;

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

(e) 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 (Chapter 622 of the Laws of Hong Kong) 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)."

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

Hong Kong, 7 December 2016

Notes:

1. A member entitled to attend and vote at the EGM is entitled to appoint one or more proxies 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 EGM to represent the member of the Company. 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 the 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.

3. A form of proxy for use at the EGM is enclosed. In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority, with the Company at the share registrar of the Company, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the EGM or any adjournment thereof, should he so wish.

4. To ascertain the entitlements to attend and vote at the EGM, members must lodge the relevant transfer document(s) and share certificates with the share registrar of the Company no later than 4:30 p.m. on Wednesday, 21 December 2016 for registration.

5. Any vote of members (attending in person or by proxy) at the EGM shall be taken by poll.

As of the date of this notice, the Board 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.