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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)



AVIC International Holding (HK) Limited
中國航空工業國際控股(香港)有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 232)

**PLACING AND TOP-UP
SUBSCRIPTION OF AVIC JOY SHARES
UNDER GENERAL MANDATE
AND
RESUMPTION OF TRADING**

**DISCLOSEABLE TRANSACTIONS IN
RELATION TO PLACING AND TOP-UP
SUBSCRIPTION OF AVIC JOY SHARES**

Sole Placing Agent

 **華泰金融控股(香港)有限公司**
HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED

The Placing and the Top-up Subscription

On 7 May 2015, the Vendor, AVIC Joy and the Sole Placing Agent entered into the Placing and Top-up Subscription Agreement pursuant to which (a) the Vendor has appointed the Sole Placing Agent and the Sole Placing Agent has agreed to act as the sole placing agent for the Vendor, on a best-effort basis, to procure Places to purchase the Placing Shares at the Placing Price of HK\$0.41 per Placing Share; and (b) the Vendor has conditionally agreed to subscribe for the Top-up Subscription Shares at the Top-up Subscription Price of HK\$0.41 per AVIC Joy Share following completion of the Placing. The Top-up Subscription Price is equivalent to the Placing Price.

It is expected that the Placing Shares will be placed to not less than six (6) Places procured by the Sole Placing Agent under the Placing, who will be selected professional, institutional and other investors, who and whose ultimate beneficial owners shall be independent of and not connected with AVIC Joy, the Vendor or their respective connected persons.

The Placing is unconditional, completion of which is expected to be on 12 May 2015, or such other date as AVIC Joy and the Sole Placing Agent may agree in writing.

Completion of the Top-up Subscription is conditional upon (a) completion of the Placing having occurred pursuant to the Placing and Top-up Subscription Agreement and (b) the Stock Exchange granting the listing of and permission to deal in the Top-up Subscription Shares (and such listing and permission not subsequently revoked prior to the delivery of the definitive share certificate(s) representing the Top-up Subscription Shares).

As at the date of this joint announcement, AVIC Joy has 4,563,462,539 AVIC Joy Shares in issue. The maximum number of 876,000,000 Placing Shares represent (i) approximately 19.20% of the existing number of AVIC Joy Shares in issue as of the date of this joint announcement and (ii) approximately 16.10% of the issued share capital of AVIC Joy as enlarged by the allotment and issue of the Top-up Subscription Shares. The number of the Top-up Subscription Shares will be equivalent to the number of the Placing Shares. Assuming that a maximum number of 876,000,000 AVIC Joy Shares would be placed out, the Top-up Subscription Shares shall represent (i) approximately 19.20% of the existing number of AVIC Joy Shares in issue as of the date of this joint announcement and (ii) approximately 16.10% of the issued share capital of AVIC Joy as enlarged by the allotment and issue of the Top-up Subscription Shares.

The gross proceeds and the maximum net proceeds from the Top-up Subscription will be HK\$359.16 million and approximately HK\$352 million, respectively, which are intended to be used as general working capital of AVIC Joy. The net proceeds will also enable AVIC Joy to strengthen its financial position and broaden its shareholders' base so as to facilitate its future development.

The Top-up Subscription Shares will be allotted and issued under the AVIC Joy General Mandate. An application will be made by AVIC Joy to the Stock Exchange for the listing of, and permission to deal in, the Top-up Subscription Shares on the main board of the Stock Exchange.

The Placing and Top-up Subscription Agreement contains certain provisions granting the Sole Placing Agent the right to terminate the Placing and Top-up Subscription Agreement on the occurrence of certain events. Completion of the Top-up Subscription is subject to fulfilment of the conditions precedent set forth in the Placing and Top-up Subscription Agreement.

As the Placing and Top-up Subscription may or may not proceed, the AVIC Joy Shareholders, the shareholders of AVIC International and potential investors are advised to exercise caution when dealing in the AVIC Joy Shares and the shares of AVIC International.

IMPLICATIONS UNDER THE LISTING RULES

AVIC Joy

As the Top-up Subscription Shares are to be allotted and issued by AVIC Joy pursuant to the AVIC Joy General Mandate, no additional approval from the AVIC Joy Shareholders will be required for the Top-up Subscription. The Top-up Subscription would constitute a connected transaction for AVIC Joy that is exempted from all connected transaction requirements pursuant to Rule 14A.92(4) of the Listing Rules if it is completed within 14 days from the date of the Placing and Top-up Subscription Agreement.

AVIC International

Assuming that a maximum of 876,000,000 AVIC Joy Shares will be actually placed by the Sole Placing Agent pursuant to the Placing and Top-up Subscription Agreement, the Vendor's shareholding percentage in AVIC Joy will be reduced from approximately 22.61% to approximately 3.41% immediately upon completion of the Placing; and as the Vendor will subscribe for an equivalent number of Placing Shares placed (i.e. 876,000,000 new AVIC Joy Shares in such event), the shareholding percentage of the Vendor in AVIC Joy will be increased from approximately 3.41% to approximately 18.97% upon completion of the Top-up Subscription.

On the basis that (i) the applicable percentage ratios (as defined under the Listing Rules) in respect of each of the Placing and the Top-up Subscription exceed 5% and are below 25% and (ii) each of the Placing and the Top-up Subscription constitutes a discloseable transaction for AVIC International under the Listing Rules, the Placing and the Top-up Subscription are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Resumption of trading

At the request of AVIC Joy, trading in the AVIC Joy Shares on the Stock Exchange has been halted with effect from 9:00 a.m. on 7 May 2015 pending the release of this joint announcement. Application has been made to the Stock Exchange for the resumption of trading in the AVIC Joy Shares on the main board of the Stock Exchange with effect from 9:00 a.m. on 8 May 2015.

THE PLACING AND TOP-UP SUBSCRIPTION

The Placing and Top-Up Subscription Agreement

Date

7 May 2015

Parties

- (i) the Vendor (as vendor of the Placing Shares);
- (ii) AVIC Joy; and
- (iii) the Sole Placing Agent (as the sole placing agent of the Placing Shares on behalf of the Vendor).

As at the date of this joint announcement, the Vendor is a substantial shareholder of AVIC Joy, holding 1,031,595,000 AVIC Joy Shares, representing approximately 22.61% of the existing issued share capital of AVIC Joy.

The Placing

The Sole Placing Agent has agreed to act as the sole placing agent for the Vendor, on a best-effort basis, to procure Placees to purchase the Placing Shares at the Placing Price of HK\$0.41 per Placing Share.

The Sole Placing Agent

To the best of the knowledge, information and belief of each of the directors of AVIC International and AVIC Joy and having made all reasonable enquiries, save for the Sole Placing Agent's interest in a 2% convertible bond due 2016 issued by AVIC Joy in the aggregate principal amount of HK\$175 million as announced by AVIC Joy on 26 June 2014, the Sole Placing Agent and its ultimate beneficial owners are third parties independent of AVIC International, AVIC Joy and their respective connected persons.

The Placing Shares

The maximum of 876,000,000 Placing Shares represent (i) approximately 19.20% of the existing number of AVIC Joy Shares in issue as of the date of this joint announcement and (ii) approximately 16.10% of the issued share capital of AVIC Joy as enlarged by the allotment and issue of the Top-up Subscription Shares.

Note: AVIC Joy Shares no longer carry a nominal value since the enactment of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) on 3 March 2014.

The Placees

The Placing Shares will be placed to not less than six (6) Placees procured by the Sole Placing Agent, who will be selected professional, institutional and other investors, who and whose ultimate beneficial owners shall be independent of and not connected with AVIC Joy, the Vendor or their respective connected persons. It is anticipated that none of the Placees will become a substantial shareholder of AVIC Joy upon completion of the Placing and the Top-up Subscription.

Placing Price

The Placing Price of HK\$0.41 per AVIC Joy Share represents:

- (i) a discount of approximately 19.61% to the closing price of HK\$0.51 per AVIC Joy Share quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 13.14% to the average closing price of HK\$0.472 per AVIC Joy Share quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day; and
- (iii) a price that is equal to the Top-up Subscription Price.

The Placing Price has been determined after arm's length negotiations among AVIC Joy, the Vendor and the Sole Placing Agent and was determined with reference to the current market conditions and the prevailing market price of the AVIC Joy Shares and the recent trading volume of the AVIC Joy Shares.

Rights of the Placing Shares

The Placing Shares will be sold free from any liens, charges, option, warrant, pre-emptive right, security interest or third-party right whatsoever and rank pari passu in all respects with existing AVIC Joy Shares and together with all rights attaching thereto as at the Closing Date, including the right to receive all dividends declared, made or paid in respect of the Placing Shares on or after the Closing Date.

Completion of the Placing

It is expected that completion of the Placing will take place on 12 May 2015 (or such other date as AVIC Joy and the Sole Placing Agent may agree in writing).

Lock-up undertaking

Pursuant to the Placing and Top-up Subscription Agreement, the Vendor has undertaken to the Sole Placing Agent that (except for the sale of the Placing Shares pursuant to the Placing and Top-up Subscription Agreement), for a period commencing on the date of the Placing and Top-up Subscription Agreement and ending on the 45th day after the Closing Date, it will not:-

- (i) offer, lend, pledge, issue, sell, contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any AVIC Joy Shares or any interests therein or any securities convertible or exercisable for or substantially similar to any such AVIC Joy Shares or interests; or
- (ii) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of the AVIC Joy Shares, whether any such transaction described in paragraph (i) above is to be settled by delivery of the AVIC Joy Shares or such other securities, in cash or otherwise; or
- (iii) announce any intention to enter into or effect any such transaction described in paragraph (i) or (ii) above,

unless with the prior written consent of the Sole Placing Agent.

No allotment and issue of new AVIC Joy Shares by AVIC Joy

Pursuant to the Placing and Top-up Subscription Agreement, AVIC Joy has undertaken to the Sole Placing Agent that for a period commencing on the date of the Placing and Top-up Subscription Agreement and ending on the 45th day after the Closing Date, AVIC Joy will not, except for the Top-up Subscription Shares and save pursuant to (a) the terms of any employee share option scheme of AVIC Joy (if any) or (b) any outstanding subscription warrants issued by AVIC Joy prior to the date of the Placing and Top-up Subscription Agreement (if any) or (c) bonus or scrip dividend or similar arrangements which provide for the allotment of the AVIC Joy Shares in lieu of the whole or part of a dividend on the AVIC Joy Shares in accordance with the articles of association of AVIC Joy or (d) conversion of outstanding convertible bonds issued by AVIC Joy prior to the date of the Placing and Top-up Subscription Agreement (if any):-

- (i) allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe (either conditionally or unconditionally, or directly or indirectly, or otherwise) any AVIC Joy Share(s) or any interest in the AVIC Joy Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to any AVIC Joy Shares or interest in the AVIC Joy Shares; or
- (ii) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in paragraph (i) above; or
- (iii) announce any intention to enter into or effect any such transaction described in paragraph (i) or paragraph (ii) above,

unless with the prior written consent of the Sole Placing Agent (such consent not to be unreasonably withheld).

The Top-up Subscription

Pursuant to the Placing and Top-up Subscription Agreement, the Vendor has conditionally agreed to subscribe for and AVIC Joy has conditionally agreed to allot and issue the Top-up Subscription Shares.

The Subscriber

The Vendor is a wholly-owned subsidiary of AVIC International, a substantial shareholder of AVIC Joy, and as of the date of this joint announcement, it holds 1,031,595,000 AVIC Joy Shares, representing approximately 22.61% of the existing number of AVIC Joy Shares in issue.

Subscription Price

The Subscription Price, being HK\$0.41 per Top-up Subscription Share, is equal to the Placing Price, which was determined on an arm's length basis between AVIC Joy and the Vendor with reference to the Placing Price. The Subscription Price of the Top-up Subscription Shares will be paid to AVIC Joy in full upon completion of the Top-up Subscription.

Number of Top-up Subscription Shares

The number of Top-up Subscription Shares to be subscribed by the Vendor pursuant to the Placing and Top-up Subscription Agreement shall be equivalent to the number of the Placing Shares actually placed by the Sole Placing Agent. The maximum of 876,000,000 Top-up Subscription Shares represent (i) approximately 19.20% of the existing number of AVIC Joy Shares in issue as of the date of this joint announcement and (ii) approximately 16.10% of the issued share capital of AVIC Joy as enlarged by the allotment and issue of the 876,000,000 Top-up Subscription Shares. The total consideration for the Top-up Subscription will be HK\$359.16 million.

AVIC Joy General Mandate to issue new AVIC Joy Shares

The Top-up Subscription Shares will be allotted and issued under the AVIC Joy General Mandate granted to the directors of AVIC Joy pursuant to an ordinary resolution passed by the AVIC Joy Shareholders at the annual general meeting held on 27 June 2014. Under the AVIC Joy General Mandate, AVIC Joy is allowed to allot and issue up to 876,756,507 AVIC Joy Shares, representing 20% of the issued shares of AVIC Joy as at the date of the annual general meeting of AVIC Joy held on 27 June 2014.

As at the date of this joint announcement, no AVIC Joy Shares have been issued and allotted pursuant to the AVIC Joy General Mandate and accordingly the allotment and issue of the Top-up Subscription Shares will not be subject to the approval of the AVIC Joy Shareholders.

Application for listing

AVIC Joy will submit an application to the Listing Committee for the granting of the listing of and permission to deal in, the Top-up Subscription Shares in due course.

Ranking of Top-up Subscription Shares

The Top-up Subscription Shares, when fully paid, will rank *pari passu* in all respects among themselves and with the AVIC Joy Shares in issue on or prior to the date of completion of the Top-up Subscription including the rights to dividends and other distributions declared, made or paid at any time after the date of allotment and issue of the Top-up Subscription Shares.

Conditions precedent of the Top-up Subscription

The completion of the Top-up Subscription is conditional upon the following:

- (a) the Listing Committee granting listing of and permission to deal in the Top-up Subscription Shares (and such listing and permission not subsequently revoked prior to the delivery of definitive share certificate(s) of the Top-up Subscription Shares); and
- (b) completion of the Placing having occurred pursuant to the terms of the Placing and Top-up Subscription Agreement.

Completion of the Top-up Subscription

Subject to the fulfillment of the above conditions, completion of the Top-up Subscription is expected to take place on 15 May 2015 (or such other date as may be agreed by the parties) upon the fulfillment of the conditions of the Top-up Subscription.

In the event that the completion of the Top-up Subscription does not take place within 14 days from the date of the Placing and Top-up Subscription Agreement (or such later date subject to the approval of the Stock Exchange, as may be agreed between the parties), the Top-up Subscription shall cease and terminate and neither AVIC Joy, the Vendor nor the Sole Placing Agent shall have any claim against the other under the Placing and Top-up Subscription Agreement in respect of the Top-up Subscription for costs, damages, compensation or otherwise.

If the completion of the Top-up Subscription takes place on a date later than 14 days from the date of the Placing and Top-up Subscription Agreement, the Top-up Subscription will constitute a connected transaction under the Listing Rules and require compliance with the relevant requirements under Chapter 14A of the Listing Rules, including, but not limited to, the issue of a separate announcement and approval by the independent AVIC Joy Shareholders.

As the Placing and Top-up Subscription may or may not proceed, the AVIC Joy Shareholders, the shareholders of AVIC International and potential investors are advised to exercise caution when dealing in the AVIC Joy Shares and the shares of AVIC International.

Termination

The Placing and Top-up Subscription Agreement contains certain provisions granting the Sole Placing Agent the right to terminate the Placing and Top-up Subscription Agreement on the occurrence of certain events. Completion of the Top-up Subscription is subject to the fulfilment of the conditions precedent set forth in the Placing and Top-up Subscription Agreement.

The Sole Placing Agent may terminate its obligations under the Placing and Top-up Subscription Agreement without liability to the Vendor and AVIC Joy by giving notice in writing to the Vendor and AVIC Joy at any time prior to 9:30 a.m. (Hong Kong time) on the Closing Date if:-

- (a) there develops occurs or comes into force
 - (i) any new law or regulation or any change or development involving a prospective change in existing laws or regulations in any relevant jurisdiction which in the opinion of the Sole Placing Agent makes it impracticable or inadvisable to proceed with the Placing or has or is likely to have a material adverse effect on the financial position, business, results of operation or prospects of AVIC Joy and/or of the AVIC Joy Group as a whole; or
 - (ii) any significant event, development or change (whether or not permanent or forming part of a series of event, developments or changes occurring or continuing before, on and/ or after the date hereof) in local, national or international monetary, economic, financial, fiscal, industrial, regulatory, political or military conditions, securities market conditions or currency exchange rates or exchange controls, including without limitation, any outbreak or escalation of hostilities, declaration by the United States, the United Kingdom, the PRC or Hong Kong of a national emergency or other calamity or crisis, the effect of which in the opinion of the Sole Placing Agent is or would be adverse to the success of the Placing, or makes it impracticable or inadvisable to proceed therewith; or
 - (iii) a general moratorium on commercial banking activities in Hong Kong, the United States, the PRC, the United Kingdom, the European Union (or any member thereof) declared by the relevant authorities or any material disruption in commercial banking or securities settlement or clearance services in Hong Kong, the United States, the PRC, the European Union (or any member thereof), Singapore or the United Kingdom or the establishment of minimum prices, on the Stock Exchange; or

- (iv) a change or development involving a prospective change in taxation which constitutes a material adverse effect on the AVIC Joy Group as a whole or the Placing Shares or the transfer thereof; or
 - (v) any outbreak or escalation of hostilities or act of terrorism or the declaration of a national emergency or war involving Hong Kong, the PRC, the United States, the United Kingdom or the European Union (or any member thereof); or
 - (vi) any suspension of dealings in the AVIC Joy Shares for any period whatsoever, except for suspension relating to any transaction under the Placing and Top-up Subscription Agreement for no more than two (2) Business Days; or
 - (vii) any moratorium, suspension or material restriction on trading in shares or securities generally on the Stock Exchange, the Singapore Stock Exchange, the London Stock Exchange, the New York Stock Exchange, or the NASDAQ Stock Market due to exceptional financial circumstances or otherwise at any time prior to the Closing Date; or
 - (viii) the commencement by any regulatory or political body or organisation of any action against AVIC Joy, any director of AVIC Joy or the Vendor or an announcement by any regulatory or political body or organisation that it intends to take any such action, which has an adverse effect on the financial position, business or results of operation of the AVIC Joy Group as a whole; or
- (b) any breach of any of the warranties and undertakings by AVIC Joy and/or the Vendor set forth in the Placing and Top-up Subscription Agreement comes to the knowledge of the Sole Placing Agent or any event occurs or any matter arises on or after the date of the Placing and Top-up Subscription Agreement and prior to the Closing Date which if it had occurred or arisen before the date of the Placing and Top-up Subscription Agreement would have rendered any of such representations, warranties and undertakings under the Placing and Top-up Subscription Agreement untrue or incorrect in any material respect or there has been a material breach of, failure to perform, any other provision of the Placing and Top-up Subscription Agreement on the part of the Vendor and/or AVIC Joy; or
- (c) any change or any development involving a prospective change in the general affairs, prospects, management, earnings, business, properties, stockholders' equity or in the financial or trading position of AVIC Joy and/or of the AVIC Joy Group as a whole which in the opinion of the Sole Placing Agent is so material and adverse as to make it impractical or inadvisable to proceed with the Placing.

The Sole Placing Agent may at any time by notice in writing to AVIC Joy and the Vendor terminate the Placing and Top-up Subscription Agreement if any of the Placing Shares fail to be delivered by or on behalf of the Vendor in accordance with the Placing and Top-up Subscription Agreement.

The respective directors of AVIC Joy and the Vendor are not aware of the occurrence of any such termination events as of the date of this joint announcement.

REASONS FOR THE PLACING AND TOP-UP SUBSCRIPTION FOR AVIC JOY AND USE OF PROCEEDS FOR AVIC JOY

Upon the full subscription of the Top-up Subscription Shares, the gross proceeds for the allotment and issue of the Top-up Subscription Shares will be HK\$359.16 million. After taking into account the estimated expenses in relation to the Placing and Top-up Subscription, the estimated net proceeds from the Top-up Subscription will be approximately HK\$352 million, representing a net price of approximately HK\$0.40 for each Top-up Subscription Share. The net proceeds from the Top-up Subscription are intended to be used as general working capital of the AVIC Joy Group.

The directors of AVIC Joy consider that the Placing and the Top-up Subscription will provide AVIC Joy with an opportunity to raise further capital while broadening its shareholders' base and capital base. The directors of AVIC Joy (including the independent non-executive directors of AVIC Joy) are of the view that the Placing and Top-up Subscription Agreement was entered into on normal commercial terms after arm's length negotiations between AVIC Joy, the Vendor and the Sole Placing Agent and that the terms and conditions of the Placing and Top-up Subscription Agreement are fair and reasonable and in the interests of AVIC Joy and the AVIC Joy Shareholders as a whole.

REASONS FOR THE PLACING AND TOP-UP SUBSCRIPTION FOR AVIC INTERNATIONAL

For AVIC International, the Placing will facilitate the raising of funds by AVIC Joy which is important for AVIC International as AVIC International is a substantial shareholder of AVIC Joy through the Vendor. The Top-up Subscription is part of the arrangement to facilitate the Placing which would not incur any cost for AVIC International. The Top-up Subscription will also enable AVIC International to restore its investment in AVIC Joy to approximately the same level (in terms of the number of AVIC Joy Shares held) immediately prior to the Placing. The directors of AVIC International (including the independent non-executive directors of AVIC International) are of the view that the Placing and the Top-up Subscription are on normal commercial terms and that the terms and conditions of the Placing and Top-up Subscription Agreement are fair and reasonable and are in the interests of AVIC International and its shareholders as a whole.

RAISING OF FUNDS IN THE PAST TWELVE MONTHS OF AVIC JOY

Date of announcement	Fund raising activity	Net proceeds	Intended use of proceeds as announced	Actual use of proceeds
26 June 2014	Issue of convertible bonds	HK\$174 million	General working capital of the AVIC Joy Group	General working capital of the AVIC Joy Group

Save as disclosed above, AVIC Joy has not conducted any fund equity fund raising activity in the part 12 months period immediately preceding the date of this joint announcement.

As the Placing and the Top-up Subscription are subject to the fulfillment of a number of conditions and may or may not proceed, AVIC Joy Shareholders, shareholders of AVIC International and prospective investors are advised to exercise caution when dealing in the AVIC Joy Shares and the shares of AVIC International.

EFFECT ON THE SHAREHOLDING STRUCTURE OF AVIC JOY

The following table illustrates the shareholding structure of AVIC Joy (i) as of the date of this joint announcement; (ii) immediately after completion of the Placing but before the Top-up Subscription; and (iii) immediately after completion of the Placing and the Top-up Subscription, under the assumptions that (1) a maximum number of 876,000,000 AVIC Joy Shares have been placed by the Sole Placing Agent under the Placing and the Vendor shall subscribe for 876,000,000 AVIC Joy Shares upon completion of the Top-Up Subscription; and (2) there will be no other change to the issued share capital of AVIC Joy from the date of this joint announcement until completion of the Top-up Subscription save for the allotment and issue of the new AVIC Joy Shares as a result of the Top-up Subscription:-

AVIC Joy Shareholders	At the date of this joint announcement		Immediately after completion of the Placing but before the Top-up Subscription		Immediately after completion of the Placing and the Top-up Subscription	
	<i>No. of</i>		<i>No. of</i>		<i>No. of</i>	
	<i>AVIC Joy Shares</i>	<i>%</i>	<i>AVIC Joy Shares</i>	<i>%</i>	<i>AVIC Joy Shares</i>	<i>%</i>
The Vendor	1,031,595,000	22.61%	155,595,000	3.41%	1,031,595,000	18.97%
AVIC Joy Air Holdings Limited	60,810,000	1.33%	60,810,000	1.33%	60,810,000	1.12%
AVIC International (HK) Group Limited	504,023,891	11.04%	504,023,891	11.04%	504,023,891	9.26%
Sub-total	1,596,428,891	34.98%	720,428,891	15.78%	1,596,428,891	29.35%
Directors						
Zhang Chuanjun	8,000,000	0.18%	8,000,000	0.18%	8,000,000	0.15%
Ji Guirong	22,350,000	0.49%	22,350,000	0.49%	22,350,000	0.41%
Ji Hui	2,000,000	0.04%	2,000,000	0.04%	2,000,000	0.04%
Sub-total	32,350,000	0.71%	32,350,000	0.71%	32,350,000	0.60%
Public AVIC Joy Shareholders	2,934,683,648	64.31%	2,934,683,648	64.31%	2,934,683,648	53.95%
Placees	-	-	876,000,000	19.20%	876,000,000	16.10%
Total	4,563,462,539	100%	4,563,462,539	100%	5,439,462,539	100%

Note:

- (a) The Vendor is a wholly-owned subsidiary of AVIC International. Tacko International Limited, together with its wholly-owned subsidiary, hold in aggregate approximately 34.34% of the issued share capital of AVIC International. Tacko International Limited is a wholly-owned subsidiary of AVIC International (HK) Group Limited, which in turn is a wholly-owned subsidiary of AVIC International Holding Corporation. AVIC International Holding Corporation is a non wholly-owned subsidiary of Aviation Industry Corporation of China (“AVIC”). Accordingly, all these corporations are deemed to be interested in the shares held by the Vendor.
- (b) 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 a wholly-owned subsidiary of AVIC. Accordingly, all these corporations are deemed to be interested in the shares held by AVIC Joy Air Holdings Limited.

FINANCIAL EFFECTS OF THE PLACING AND THE TOP-UP SUBSCRIPTION ON AVIC INTERNATIONAL AND ITS SUBSIDIARIES

Based on the adjusted net asset value of AVIC Joy as at 31 December 2014 as disclosed in the audited consolidated balance sheet of AVIC Joy as of 31 December 2014 as disclosed in the annual report of AVIC Joy dated 29 April 2015, upon completion of the Placing and the Top-up Subscription, AVIC International is expected to incur a deemed gain on dilution of share in an associate of approximately HK\$28.7 million. It should be noted that the actual deemed gain in relation thereto to be recorded by AVIC International will depend on the adjusted fair value of identifiable assets and liabilities of AVIC Joy as at the date of the completion of the Placing and the Top-up Subscription. The gross proceeds from the Placing in the amount of HK\$359.16 million will be entirely used for the subscription of the Top-up Subscription Shares.

GENERAL INFORMATION

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

Based on the audited consolidated balance sheet of AVIC Joy as of 31 December 2014 as disclosed in the annual report of AVIC Joy dated 29 April 2015, the total equity of AVIC Joy was approximately HK\$1,451.1 million and the total assets amounted to approximately HK\$3,848.7 million. Hence, the total liabilities of AVIC Joy amounted to approximately HK\$2,397.6 million. The following information is extracted from the audited consolidated financial statements of AVIC Joy for the two years ended 31 December 2014 and 31 December 2013:-

	Year ended 31 December	
	2014	2013
	<i>HK\$ million</i>	<i>HK\$ million</i>
Revenue	1,619.7	1,282.8
Profit/(Loss) before tax	(58.8)	6.6
Net profit/(loss) after taxation attributable to equity holders of AVIC Joy	(82.1)	25.4

The AVIC International Group's principal business activities include: (a) production and distribution of knitting and textile products, knitted fabrics and clothing; (b) aero-technology related business including the development, manufacture and distribution of helicopters; (c) trading business; and (d) property development of residential and commercial projects.

IMPLICATIONS UNDER THE LISTING RULES

AVIC Joy

As the Top-up Subscription Shares are to be allotted and issued by AVIC Joy pursuant to the AVIC Joy General Mandate, no additional approval from the AVIC Joy Shareholders will be required for the Top-up Subscription. The Top-up Subscription would constitute a connected transaction for AVIC Joy that is exempted from all connected transaction requirements pursuant to Rule 14A.92(4) of the Listing Rules if it is completed within 14 days from the date of the Placing and Top-up Subscription Agreement.

AVIC International

Assuming that a maximum of 876,000,000 Placing Shares will be actually placed by the Sole Placing Agent pursuant to the Placing and Top-up Subscription Agreement, the shareholding percentage of the Vendor in AVIC Joy will be reduced from approximately 22.61% to approximately 3.41% immediately upon completion of the Placing; and as the Vendor will subscribe for equivalent number of Placing Shares placed (i.e. 876,000,000 new AVIC Joy Shares in such event), the shareholding percentage of the Vendor will be increased from approximately 3.41% to approximately 18.97%.

On the basis that (i) the applicable percentage ratios (as defined under the Listing Rules) in respect of each of the Placing and Top-up Subscription exceed 5% and are below 25% and (ii) each of the Placing and the Top-up Subscription constitutes a discloseable transaction for AVIC International under the Listing Rules, the Placing and the Top-up Subscription are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Resumption of trading

At the request of AVIC Joy, trading in the AVIC Joy Shares on the Stock Exchange has been halted with effect from 9:00 am on 7 May 2015 pending the release of this joint announcement. Application has been made to the Stock Exchange for the resumption of trading in the AVIC Joy Shares on the main board of the Stock Exchange with effect from 9:00 am on 8 May 2015.

DEFINITIONS

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“AVIC International”	AVIC International Holding (HK) Limited, a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the main board of the Stock Exchange (stock code: 232)
“AVIC International Group”	AVIC International and its subsidiaries

“AVIC Joy”	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 (stock code: 260)
“AVIC Joy General Mandate”	the general mandate granted to the directors of AVIC Joy by the AVIC Joy Shareholders pursuant to an ordinary resolution passed at the annual general meeting of AVIC Joy held on 27 June 2014
“AVIC Joy Group”	AVIC Joy and its subsidiaries
“AVIC Joy Share(s)”	ordinary share(s) of AVIC Joy
“AVIC Joy Shareholder(s)”	holder(s) of AVIC Joy Shares
“Business Day”	any day (other than a Saturday, Sunday or a public holiday) on which banks are generally open for business in Hong Kong
“Closing Date”	12 May 2015, being the date of completion of the Placing, or such other date as may be agreed between AVIC Joy and the Sole Placing Agent in writing
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Last Trading Day”	6 May 2015, being the last full trading day immediately before the time at which the Placing and Top-up Subscription Agreement was signed
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placees”	professional, institutional and other investors selected and procured by or on behalf of the Sole Placing Agent to purchase any of the Placing Shares as contemplated by the Placing and Top-up Subscription Agreement

“Placing”	the placing of the Placing Shares by the Sole Placing Agent pursuant to the Placing and Top-up Subscription Agreement
“Placing and Top-up Subscription Agreement”	the agreement dated 7 May 2015 entered into by the Vendor, AVIC Joy and the Sole Placing Agent in relation to the Placing and the Top-up Subscription
“Placing Price”	HK\$0.41 per Placing Share
“Placing Share(s)”	up to 876,000,000 existing AVIC Joy Shares held by the Vendor and to be placed by the Sole Placing Agent pursuant to the terms of the Placing and Top-up Subscription Agreement
“PRC”	the People’s Republic of China which, for the purposes of this joint announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Sole Placing Agent”	Huatai Financial Holdings (Hong Kong) Limited, a corporation licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	an amount equal to the Placing Price
“substantial shareholder”	has the meaning ascribed thereto under the Listing Rules
“Top-up Subscription”	the subscription of the Top-up Subscription Shares by the Vendor at the Subscription Price pursuant to the Placing and Top-up Subscription Agreement
“Top-up Subscription Shares”	the number of new AVIC Joy Shares to be subscribed by the Vendor pursuant to the Placing and Top-up Subscription Agreement, which number shall be equivalent to the number of Placing Shares actually placed by the Sole Placing Agent

“trading day”	has the meaning ascribed to it in the Listing Rules
“Vendor”	Billirich Investment Limited, a company incorporated in the British Virgin Islands with limited liability and is a wholly-owned subsidiary of AVIC International
“%”	per cent.

By order of the board of directors of
AVIC Joy Holdings (HK) Limited
Ji Hui
Chief Executive Officer

By order of the board of directors of
AVIC International Holding (HK) Limited
Wu Guangquan
Chairman

7 May 2015, Hong Kong

As at the date of this announcement, the board of AVIC Joy comprises nine directors, of which Mr. Ji Guirong (Chairman) is the non-executive director; Mr. Ji Hui (Chief Executive Officer), Mr. Zang Zheng, Mr. Zhang Chuanjun, Mr. Xiao Wei and Mr. Wang Xiaowei are the executive directors; Mr. Hu Xiaowen, Mr. Gong Changhui and Mr. Wu Meng are the independent non-executive directors.

As at the date of this announcement, the board of AVIC International comprises Mr. Wu Guangquan, Mr. Pan Linwu, Mr. You Lei, Mr. Ji Guirong and Mr. Zhang Chuanjun as executive directors; Mr. Ip Tak Chuen, Edmond as non-executive director; Mr. Chu Yu Lin, David, Mr. Li Ka Fai, David and Mr. Li Zhaoxi as independent non-executive directors.