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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)

RESIGNATION OF AUDITOR

This announcement is made by the board (the “**Board**”) of directors (the “**Director(s)**”) of AVIC Joy Holdings (HK) Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.51(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Board announces that, considering (i) Ernst & Young has been the auditor of the Company since 2007; and (ii) Ernst & Young and the Company could not reach a mutual agreement on the audit fee for the year ending 31 December 2018, on the recommendation of the audit committee of the Company (the “**Audit Committee**”), the Board resolved to change the auditor of the Group. The Board and the Audit Committee take the view that the change of auditor complies with good corporate governance practice and will also enhance the independence of the auditor.

With the aforesaid reasons and in response to the Company’s request, Ernst & Young has resigned as the auditor of the Company and its subsidiaries registered in Hong Kong with effect from 7 November 2018.

Ernst & Young has confirmed in its resignation letter that there are no matters connected with its resignation that it considers should be brought to the attention of the shareholders of the Company (the “**Shareholders**”) or creditors of the Company. The Board has also confirmed that there are no circumstances in respect of the change of auditor that need to be brought to the attention of the Shareholders.

The Board would like to take this opportunity to express its sincere gratitude to Ernst & Young for its professional and quality services rendered to the Company during the past years.

The Board is confirming the appointment of another big-4 international audit firm as the new auditor of the Group and is now finalising the engagement terms with them. It is expected that the engagement will be confirmed shortly. The Company will announce the appointment of the new auditor as soon as practicable.

By Order of the Board
AVIC Joy Holdings (HK) Limited
GUAN Liquan

Chairman, Executive Director and Chief Executive Officer

Hong Kong, 7 November 2018

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