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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)

DISCLOSEABLE TRANSACTION IN RELATION TO THE PROVISION OF FINANCIAL ASSISTANCE

The Board is pleased to announce that on 26 May 2016 (after trading hours), the Financing Agreement was entered into between Guangdong Zi Yu Tai, a wholly-owned subsidiary of the Company, as lender and Jia Lian International, a joint venture of the Company, as borrower. Pursuant to the Financing Agreement, Guangdong Zi Yu Tai has agreed to provide a revolving facility up to RMB50.0 million (equivalent to approximately HK\$59.25 million) to Jia Lian International Group for a term of up to five years.

The grant of the Facility Amount, on a standalone basis and when aggregated with the amounts of financial assistance granted by Guangdong Zi Yu Tai to Jia Lian International Group pursuant to Rules 14.07 and 14.22 of the Listing Rules, constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules which is subject to the reporting and announcement requirement as one or more of the applicable percentage ratios under Chapter 14 of the Listing Rules in respect of the grant of the Facility Amount exceed 5% but less than 25%.

THE FINANCING AGREEMENT

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Summarised below are the principal terms of the Financing Agreement.

- Date** : 26 May 2016
- Lender** : Guangdong Zi Yu Tai
- Borrower** : Jia Lian International
- Facility** : Revolving facility of up to RMB50.0 million (equivalent to approximately HK\$59.25 million) for drawdown by Jian Lian International Group from time to time within the form of the Financing Agreement (excluding interest payable thereon)
- Term** : Up to five years commencing from the date of the Financing Agreement
- Interest rate** : 9.0% to 10.0% per annum
- Security deposit** : Jia Lian International Group shall provide a security deposit within the range of 5.0% to 10.0% of the Financing Amount (excluding interest payable thereon) of each Subsequent Contract (as defined below) to Guangdong Zi Yu Tai
- Other terms** : Pursuant to the Financing Agreement, Guangdong Zi Yu Tai will provide funding to Jia Lian International Group in form of:
 - (i) revolving finance lease of equipment for expansion of its business, where Guangdong Zi Yu Tai being the lessor and Jia Lian International Group being the lessee, with the aggregate leasing amount not exceeding the Facility Amount. The finance lease shall carry 9.0% to 10.0% interest rate per annum. The lease period of each finance lease should be not less than one year and not exceed the term of the Financing Agreement. Jia Lian International Group shall repay the total lease payments (comprising principal and imputed interest payable) in equal monthly or quarterly instalments using amortisation method.

Guangdong Zi Yu Tai and Jia Lian International Group will enter into separate contracts (the “**Subsequent Contracts**”) which set out the detail terms of the financing above, such as the actual Financing Amount,

interest rate, security deposit and the payment terms of the financing. The terms of the Subsequent Contract will be determined according to and governed by the terms of the Financing Agreement and on normal commercial terms;

- (ii) Guangdong Zi Yu Tai reserves the right to transfer the Financing Agreement and all rights incidental to the Financing Agreement to third party(ies) without obtaining consent from Jia Lian International Group;
- (iii) Guangdong Zi Yu Tai is entitled to (i) conduct annual assessment of Jia Lian International Group and (ii) request Jia Lian International Group to early repay the outstanding principal amount of the Financing Amount and interest payable thereon in full based on further negotiation between the parties; and
- (iv) in the event that the result of the assessment is not up to satisfaction to Guangdong Zi Yu Tai, Guangdong Zi Yu Tai reserves the right not to providing funding to Jia Lian International Group under the terms of the Financing Agreement.

Cancellation and alteration : The Financing Agreement could be cancelled or altered by either Guangdong Zi Yu Tai or Jia Lian International by written notice. Notice of cancellation has to be made to the other party one month in advance. The Company will comply with the applicable Listing Rules requirements in such regard.

The Financing Amount to be granted to Jia Lian International Group will be funded by debt financing and/or internal resources of the Group.

INFORMATION OF JIA LIAN INTERNATIONAL

Jia Lian International is incorporated in the BVI with limited liability and is owned as to 45% by Tongda Environmental, a wholly-owned subsidiary of the Company, 30% by Merit Progress and 25% by Premium Talent. Accordingly, Jia Lian International is a joint venture of the Company and it is principally engaged in investment holding and its subsidiaries are engaged in management and operation of light-emitting diode energy management contracts and trading of light-emitting diode products in the PRC. To the best knowledge, information and belief of the Directors, save for their shareholding interests in Jia Lian International, Merit Progress and Premium Talent and their ultimate beneficial owners are Independent Third Parties.

REASONS FOR AND BENEFITS OF THE FINANCING AGREEMENT

The Group is principally engaged in the operation of compressed natural gas, liquefied petroleum gas and liquefied natural 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, class 1 land development services and sales of construction materials in the PRC. Guangdong Zi Yu Tai, being a wholly-owned subsidiary of the Company, is principally engaged in (i) providing finance lease services, and consulting services thereto; and (ii) acquiring assets worldwide for finance leasing.

The entering into of the Financing Agreement is in the Group's ordinary and usual course of business given the principal activities of Guangdong Zi Yu Tai. The terms of the Financing Agreement are determined after arm's length negotiations between Guangdong Zi Yu Tai and Jia Lian International based on normal commercial terms, which are in line with Guangdong Zi Yu Tai's credit policy. The Directors consider that the entering into of the Financing Agreement is expected to generate stable revenue and cashflow stream from the interest income to the Group.

Having considered the foregoing, the Directors (including the independent non-executive Directors) consider that the terms of the Financing Agreement are fair and reasonable and on normal commercial terms, and that the entering into of the Financing Agreement is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

The grant of the Facility Amount, on a standalone basis and when aggregated with the amounts of financial assistance granted by Guangdong Zi Yu Tai to Jia Lian International Group pursuant to Rules 14.07 and 14.22 of the Listing Rules, constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules which is subject to the reporting and announcement requirement as one or more of the applicable percentage ratios under Chapter 14 of the Listing Rules in respect of the grant of the Facility Amount exceed 5% but less than 25%.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“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
“Director(s)”	the director(s) of the Company

“Facility Amount”	the facility amount of up to RMB50.0 million (equivalent to approximately HK\$59.25 million) granted under the Financing Agreement available for Jia Lian International Group to drawdown under the terms and conditions of the Financing Agreement
“Financing Agreement”	the agreement dated 26 May 2016 entered into between Guangdong Zi Yu Tai and Jia Lian International
“Financing Amount”	the actual financing amount to be drawn by Jia Lian International Group from time to time pursuant to the terms and conditions of the Financing Agreement and the Subsequent Contracts
“Group”	the Company and its subsidiaries
“Guangdong Zi Yu Tai”	廣東資雨泰融資租賃有限公司 (Guangdong Zi Yu Tai Finance Leasing Company Limited*), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	party(ies) who is/are independent of the Company and its connected person(s) (as defined in the Listing Rules)
“Jia Lian International”	Jia Lian International Limited (嘉聯國際有限公司), a company incorporated in the BVI with limited liability and is owned as to 45% by Tongda Environmental, as to 30% by Merit Progress and as to 25% by Premium Talent as at the date of this announcement, and is treated as a joint venture of the Company
“Jia Lian International Group”	Jia Lian International and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Merit Progress”	Merit Progress International Limited, a company incorporated in the BVI with limited liability

“PRC”	the People’s Republic of China (excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan)
“Premium Talent”	Premium Talent Enterprises Limited, a company incorporated in the BVI with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tongda Environmental”	Tongda Environmental Technology Limited (通達環保技術有限公司), a company incorporated in the BVI with limited liability and is a wholly-owned subsidiary of the Company
“%”	per cent.

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

Hong Kong, 26 May 2016

As of the date of this announcement, the Board of the Company 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.

For the purpose of this announcement, translation of RMB into HK\$ or vice versa have been calculated by using an exchange rate of RMB1 equal to HK\$1.185. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were, may have been or will be exchanged at such rate or any other rates or at all.

* *For identification purpose only*