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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 AND CONNECTED TRANSACTION
IN RELATION TO DEED OF REPLACEMENT**

On 10 July 2017 (after trading hours), Ontex, an indirect non wholly-owned subsidiary of the Company, entered into the Deed of Replacement with Kingfun, pursuant to which Kingfun issued the New Promissory Note with a principal amount of HK\$89,000,000 to Ontex in replacement of the Existing Promissory Notes due on 15 June 2017.

As one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Deed of Replacement and the transactions contemplated thereunder is more than 5% but less than 25%, the Deed of Replacement and the transactions contemplated thereunder constitute a discloseable transaction for the Company and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, Kingfun, the issuer of the New Promissory Note, owns 17.5% of the issued share capital of Spotwin, an indirect non wholly-owned subsidiary of the Company. Accordingly, Kingfun is a substantial shareholder of Spotwin and is a connected person of the Company at the subsidiary level under Rule 14A.06(9) of the Listing Rules. As (i) Kingfun is regarded as a connected person of the Company at the subsidiary level; (ii) the Deed of Replacement is on normal commercial terms; and (iii) the Board (including all the independent non-executive Directors) has approved the Deed of Replacement and confirmed the terms therein are fair and reasonable, and are on normal commercial terms and in the interests of the Company and the Shareholders as a whole, the Deed of Replacement and the transactions contemplated thereunder are subject to the reporting and announcement requirements, but are exempt from the circular, independent financial advice and independent Shareholders' approval requirements by virtue of Rule 14A.101 of the Listing Rules.

BACKGROUND

Reference is made to the announcement of the Company dated 4 December 2015 in relation to, among other things, the disposal of 17.5% of the issued share capital of Spotwin, an indirect non wholly-owned subsidiary of the Company, to Kingfun and the issuance of promissory notes by Kingfun to satisfy part of the disposal consideration. As at the date of this announcement, an aggregate principal amount of HK\$69,439,970 of the Existing Promissory Notes has been repaid and an aggregate principal amount of HK\$89,000,000 remains outstanding. Since the due date of the Existing Promissory Notes on 15 June 2017, Ontex has been actively negotiating with Kingfun to find ways for the settlement of the Existing Promissory Notes and subsequently Ontex and Kingfun agreed the Existing Promissory Notes to be replaced by the New Promissory Note. On 10 July 2017, Ontex and Kingfun entered into the Deed of Replacement, pursuant to which Kingfun issued the New Promissory Note to replace the Existing Promissory Notes.

As at the date of this announcement, Kingfun owns 17.5% of the issued share capital of Spotwin, an indirect non wholly-owned subsidiary of the Company. Accordingly, Kingfun is a substantial shareholder of Spotwin and is a connected person of the Company at the subsidiary level under Rule 14A.06(9) of the Listing Rules.

DEED OF REPLACEMENT

The Board announced that on 10 July 2017 (after trading hours), Ontex, an indirect non wholly-owned subsidiary of the Company, entered into the Deed of Replacement with Kingfun, pursuant to which Kingfun issued a promissory note with a principal amount of HK\$89,000,000 to replace the Existing Promissory Notes. Save for the extension of the maturity date, the principal terms of the Existing Promissory Notes remain unchanged.

THE NEW PROMISSORY NOTE

The principal terms of the New Promissory Note are summarised as follows:

Issuer:	Kingfun
Principal amount:	HK\$89,000,000
Maturity date:	15 June 2018
Interest:	2.15% per annum for the principal amount of the New Promissory Note, calculated retrospectively from 16 June 2017 on a daily basis and payable upon maturity date or early redemption date (whichever is the earlier)

Payment:	All payments under the New Promissory Note by Kingfun shall be made in HK\$, or such equivalent amount in RMB or other currency. If the payment is settled in RMB, it should be based on the middle exchange rate published by the People's Bank of China for the preceding business day prior to such payment
Redemption:	Kingfun may redeem in whole or any part of the principal amount of the New Promissory Note together with the interest accrued before maturity of the New Promissory Note by giving prior notice of at least five business days to the holder of the New Promissory Note
Security:	The liabilities and obligations due, owing or payable to Ontex by Kingfun under or pursuant to the New Promissory Note and other transaction documents are secured by the share charge over the 17.5% of the issued share capital of Spotwin granted by Kingfun in favour of Ontex

REASONS FOR AND BENEFITS OF THE DEED OF REPLACEMENT

The Existing Promissory Notes were due on 15 June 2017 and Ontex has been actively negotiating with Kingfun to find ways for the settlement of the Existing Promissory Notes and subsequently Ontex and Kingfun agreed the Existing Promissory Notes to be replaced by the New Promissory Note. The terms of the Deed of Replacement were arrived at after arm's length negotiation between the parties. Having considered that (i) save for the maturity date, the principal terms of the Existing Promissory Notes remain the same under the New Promissory Note; (ii) the New Promissory Note would allow the Group to generate stable interest income; and (iii) the New Promissory Note continues to be secured by a first fixed charge of all the rights, title and interest in the 17.5% of the issued share capital of Spotwin, the Directors (including the independent non-executive Directors) considered that the terms of the New Promissory Note are on normal commercial terms and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INFORMATION ON THE PARTIES

The Group is principally engaged in the operation of compressed natural gas and liquefied petroleum gas refueling stations; management and operation of light-emitting diode energy management contracts; provision of finance lease and loan services and properties investment; and provision of land development services and sale of construction materials in the PRC.

Ontex is an investment holding company. As at the date of this announcement, Ontex is an indirect non wholly-owned subsidiary of the Company.

Kingfun is an investment holding company. As at the date of this announcement, as to 17.5% of the issued share capital of Spotwin is held by Kingfun.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Deed of Replacement and the transactions contemplated thereunder is more than 5% but less than 25%, the Deed of Replacement and the transactions contemplated thereunder constitute a discloseable transaction for the Company and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, Kingfun, the issuer of the New Promissory Note, owns 17.5% of the issued share capital of Spotwin, an indirect non wholly-owned subsidiary of the Company. Accordingly, Kingfun is a substantial shareholder of Spotwin and is a connected person of the Company at the subsidiary level under Rule 14A.06(9) of the Listing Rules. As (i) Kingfun is regarded as a connected person of the Company at the subsidiary level; (ii) the Deed of Replacement is on normal commercial terms; and (iii) the Board (including all the independent non-executive Directors) has approved the Deed of Replacement and confirmed the terms therein are fair and reasonable, and are on normal commercial terms and in the interests of the Company and the Shareholders as a whole, the Deed of Replacement and the transactions contemplated thereunder are subject to the reporting and announcement requirements, but are exempt from the circular, independent financial advice and independent Shareholders' approval requirements by virtue of Rule 14A.101 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“BVI”	the British Virgin Islands
“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)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules

“Deed of Replacement”	the deed of replacement entered into by Ontex and Kingfun dated 10 July 2017 in relation to the replacement of the Existing Promissory Notes with the New Promissory Note
“Director(s)”	the director(s) of the Company
“Existing Promissory Notes”	the existing 2.15% promissory notes in the aggregate outstanding principal amount of HK\$89,000,000 issued by Kingfun to Ontex due on 15 June 2017
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Kingfun”	Kingfun Investment Limited, a company incorporated in the BVI with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Promissory Note”	the 2.15% promissory note in the principal amount of HK\$89,000,000, issued by Kingfun to Ontex on 10 July 2017
“Ontex”	Ontex Enterprises Limited, a company incorporated in the BVI with limited liability, and is an indirect non wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“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)

“Spotwin”	Spotwin Investment Limited, a company incorporated in the BVI with limited liability, and an indirect non wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“%”	percent

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

Hong Kong, 10 July 2017

As at the date of this announcement, 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. Huang Bo as independent non-executive Directors.