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 DISPOSAL OF THE ENTIRE EQUITY IN A WHOLLY-OWNED SUBSIDIARY

Financial adviser to AVIC Joy Holdings (HK) Limited

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

On 10 October 2017, the Company, the Vendor and the Purchaser entered into the Equity Transfer Agreement, pursuant to which, the Company has conditionally agreed to procure the Vendor to sell and the Purchaser has conditionally agreed to purchase the Sale Interest for the Consideration of RMB32,684,649.54 (equivalent to approximately HK$38.6 million).

As one or more of the applicable percentage ratios in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements but exempted from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

THE EQUITY TRANSFER AGREEMENT

On 10 October 2017, the Company, the Vendor and the Purchaser entered into the Equity Transfer Agreement, pursuant to which, the Company has conditionally agreed to procure the Vendor to sell and the Purchaser has conditionally agreed to purchase the Sale Interest for the Consideration of RMB32,684,649.54 (equivalent to approximately HK$38.6 million).

Date : 10 October 2017

Parties : (i) the Company;

(ii) the Vendor; and

(iii) the Purchaser.

The Purchaser is a company established in the PRC with limited liability. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

The Vendor is a company incorporated in the BVI with limited liability and a direct wholly-owned subsidiary of the Company.

Asset to be disposed

Pursuant to the Equity Transfer Agreement, the Company has conditionally agreed to procure the Vendor to sell and the Purchaser has conditionally agreed to acquire the Sale Interest, representing 100% of the equity interest in Anhui Sinogas.

Consideration and settlement terms

Pursuant to the Equity Transfer Agreement, the Consideration is RMB32,684,649.54 (equivalent to approximately HK$38.6 million), which shall be satisfied in the following manner:

(1) as to RMB10,000,000 (equivalent to approximately HK$11.8 million), or such equivalent amount in HK$ based on the middle exchange rate published by the People's Bank of China as of the previous Business Day of the payment as agreed by the parties of the Equity Transfer Agreement (the "**Middle Rate**"), to be satisfied by the Purchaser in cash payable to the Company (or its nominated subsidiary) within seven Business Days after the date of the Equity Transfer Agreement (the "**Prepaid Consideration**");

(2) as to RMB9,584,649.54 (equivalent to approximately HK$11.3 million) to be satisfied by way of delivery of the Novation Deed (as defined below and details of which are set out in the paragraph headed "The Novation Deed" below) by the Purchaser to the Company (or its nominated subsidiary) upon Completion; and

(3) as to the balance of RMB13,100,000 (equivalent to approximately HK$15.5 million), or such equivalent amount in HK$ based on the Middle Rate, shall be payable by the Purchaser to the Company (or its nominated subsidiary) at Completion (the "**Cash Consideration**").

The Consideration has been arrived at after arm's length negotiations among the Company, the Vendor and the Purchaser after taking into account, among other things, (i) the historical financial performance and conditions of the Target Group; (ii) the future prospects of the Target Group; and (iii) the consolidated net asset value based on the unaudited management accounts of the Target Group as at 30 June 2017 of approximately HK$13.1 million.

The Novation Deed

As at 30 June 2017, the Debt owed by the Group (excluding the Target Group) to the Target Group amounted to RMB9,584,649.54 (equivalent to approximately HK$11.3 million). Pursuant to the Equity Transfer Agreement, as part of the settlement of the equivalent amount of the Consideration, the Purchaser shall deliver a novation deed (the "**Novation Deed**") to the Company on the date of Completion. Pursuant to the Novation Deed, the Purchaser shall agree to undertake the obligations, duties and liabilities to repay the Debt by novation of the Group (excluding the Target Group) such that the Purchaser shall become the legal debtor to the Debt. The Group shall be released from all duties, obligations and liabilities in respect of the Debt from the date of the Novation Deed. In the event that the balance owed by the Group (excluding the Target Group) to the Target Group as at the date of Completion exceeds the amount of Debt, the difference shall be deducted from the Cash Consideration or the Company shall pay the difference to the Purchaser in cash on the date of Completion. In the event that the balance owed by the Group (excluding the Target Group) to the Target Group as at the date of Completion is below the amount of Debt, the Purchaser shall pay the difference to the Vendor in cash on the date of Completion.

Condition precedent

Completion shall be conditional upon fulfillment of the following condition:

(1) the Company shall publish all necessary announcement(s) and obtained all necessary approvals under the Listing Rules, including but not limited to the Shareholders' approval on the Equity Transfer Agreement and the transactions contemplated thereunder, if required.

In the event that the above condition precedent to Completion is not fulfilled on or before the Long Stop Date, the Equity Transfer Agreement shall automatically lapse and be of no further effect save for certain clauses as specified under the Equity Transfer Agreement. The Company (or its nominated subsidiary) shall return the Prepaid Consideration within five Business Days from the date of termination to the Purchaser with an interest payment calculated based on HK$ or RMB (subject to the settlement currency to be agreed) deposit saving rate as quoted by a licensed bank in Hong Kong.

Completion

Completion shall take place after the abovementioned condition precedent to Completion has been fulfilled, or such other date as the parties to the Equity Transfer Agreement may agree in writing.

In the event that the Purchaser fails to comply with the relevant provisions of the Equity Transfer Agreement in relation to the Completion, (i) the Company is entitled to, among other things, terminate the Equity Transfer Agreement; and (ii) an amount equal to 20% of the Consideration shall be forfeited and deducted from the Prepaid Consideration by the Company as penalty to compensate the Company and its relevant subsidiaries, without prejudice to its rights of claiming other compensations.

In the event that the Company fails to comply with the relevant provisions of the Equity Transfer Agreement in relation to the Completion, (i) the Purchaser is entitled to, among other things, terminate the Equity Transfer Agreement; and (ii) the Company shall pay the Prepaid Consideration together with an amount equal to 20% of the Consideration to the Purchaser as penalty to compensate the Purchaser, without prejudice to its rights of claiming other compensations.

INFORMATION ON THE GROUP

The Group is principally engaged in the operation of compressed natural 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.

INFORMATION ON THE TARGET GROUP

Anhui Sinogas is incorporated in the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company. The Target Group is principally engaged in the operation of compressed natural gas refueling stations in the Anhui Province of the PRC.

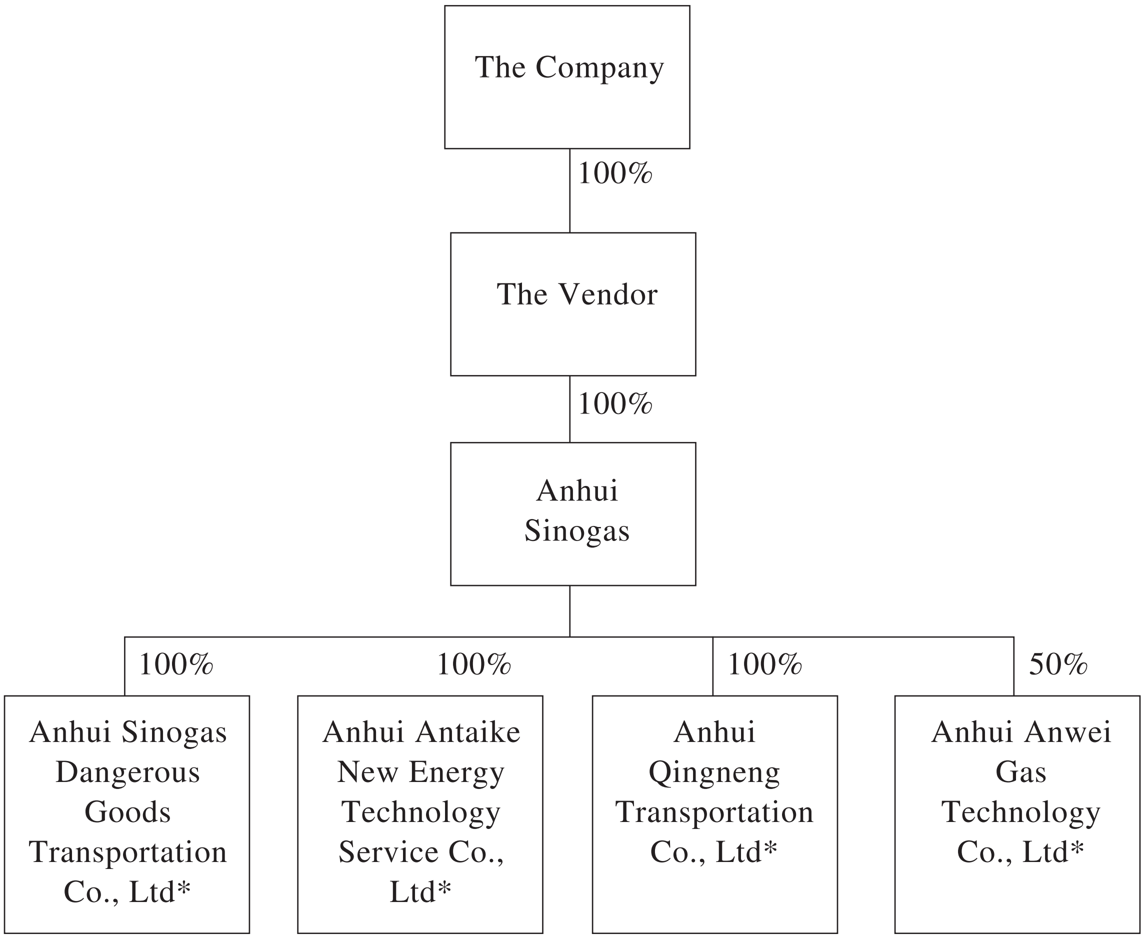
Set out below is the summary of the unaudited financial information of the Target Group for each of the years ended 31 December 2015 and 2016 and the six months ended 30 June 2017 as extracted from its unaudited management accounts based on Hong Kong Financial Reporting Standards:

	For the year ended 31 December		**For the six months ended 30 June**
	2015	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Turnover	110,200	50,642	19,447
Net loss before taxation	3,825	12,438	445
Net loss after taxation	3,825	12,749	445

As at 30 June 2017, the Target Group had unaudited consolidated net asset value of approximately HK$13.1 million.

GROUP STRUCTURE

Set out below is the extract of the Group's structure in relation to the Disposal as at the date of this announcement:



INFORMATION ON THE PURCHASER

Based on the information provided by the Purchaser, the Purchaser is a company established in the PRC with limited liability. The Purchaser is principally engaged in development and utilisation of natural gas distributed energy systems, technological modification and sales of industrial boilers, investment and management of natural gas stations projects, investment in natural gas station projects, sales, maintenance and consultancy services for natural gas equipment, and leasing services for gas supply equipment.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

FINANCIAL EFFECTS OF THE DISPOSAL

After Completion, the Group will cease to hold any equity interest in the Target Group, and Anhui Sinogas and its subsidiaries will cease to be subsidiaries of the Company. The financial results and financial position will be deconsolidated from the consolidated financial statements of the Group after Completion.

Upon Completion, the Company expects to record a gain on disposal of approximately HK$8.1 million, being the Consideration deducted by, among others, the amount of the Debt, goodwill, the unaudited net asset value of the Target Group as at 30 June 2017 and professional fees and the related expenses. The abovementioned financial effects are shown for illustrative purpose only and the actual gain or loss as a result of the Disposal to be recorded by the Company is subject to audit and will be assessed after Completion.

REASONS FOR AND BENEFITS OF ENTERING INTO THE EQUITY TRANSFER AGREEMENT

The Target Group is principally engaged in the operation of compressed natural gas refueling stations in the Anhui Province of the PRC. Having considered (i) the intensified competition in the gas market in the PRC; (ii) the loss making results of the Target Group in the recent financial years; and (iii) the Consideration represents a premium over the net asset value of the Target Group as at 30 June 2017, the Board is of the view that the Disposal is a good opportunity for the Company to realise a gain on disposal and enable the Group to reallocate the financial resources to any suitable investment opportunities which would enhance Shareholders' value. The Company intends to apply the net proceeds (after deduction of professional fees and other related expenses) from the Disposal of approximately HK$27.1 million for general working capital of the Group.

In light of the foregoing, the Board is of the view that the terms of the Equity Transfer Agreement are fair and reasonable, on owned commercial terms and the entering into of the Equity Transfer Agreement is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements but exempted from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

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

"Anhui Sinogas"	安徽中油潔能燃氣有限公司 (Anhui Sinogas Company Limited), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
"Board"	the board of Directors
"BVI"	the British Virgin Islands
"Business Day(s)"	any day (excluding Saturday, Sunday and public holiday in Hong Kong) on which banks in Hong Kong and the PRC are open for business
"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)
"Completion"	completion of the Equity Transfer Agreement pursuant to the terms and conditions thereof
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Consideration"	the consideration for the Sale Interest payable by the Purchaser to the Company (or its nominated subsidiary) pursuant to the Equity Transfer Agreement
"Debt"	the aggregate amount of debts owed by the Group (excluding the Target Group) to the Target Group as at 30 June 2017, which amounted to RMB9,584,649.54 (equivalent to approximately HK$11.3 million)
"Director(s)"	the director(s) of the Company
"Disposal"	the conditional disposal of the Sale Interest by the Vendor to the Purchaser pursuant to the Equity Transfer Agreement
"Equity Transfer Agreement"	the equity transfer agreement dated 10 October 2017 entered into among the Company, the Vendor and the Purchaser in respect of the Disposal
"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 People's Republic of China
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Long Stop Date"	31 March 2018, being the last date of the fifth month commencing from the following first whole month after the date of the Equity Transfer Agreement, or such other date as agreed by the parties to the Equity Transfer Agreement in writing
"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
"Purchaser"	南京德宸天宏新能源科技有限公司 (Nanjing De Chen Tianhong New Energy Technology Co., Ltd*) a company established in the PRC with limited liability
"RMB"	Renminbi, the lawful currency of the PRC
"Sale Interest"	100% of the equity interest in Anhui Sinogas as at the date of the Equity Transfer Agreement
"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
"Target Group"	Anhui Sinogas and its subsidiaries
"Vendor"	Sino Bloom Investments Limited (華輝投資有限公司), a company incorporated in the BVI with limited liability and a direct wholly-owned subsidiary of the Company
"%"	percent

For the purpose of illustration only, amounts denominated in RMB in this announcement have been translated into HK$ at the rate of RMB1 = HK$1.18. Such translation should not be construed as a representation that the amounts quoted could have been or could be or will be converted at the stated rate or at any other rates or at all.

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

Hong Kong, 10 October 2017

As at the date of this announcement, the Board comprises Mr. Zhu Dong (Chairman), Mr. Wang Xiaowei (Chief Executive Officer), Mr. Zang Zheng, Mr. Xiao Wei, Mr. Zhang Zhibiao and Ms. Wang Ying as executive Directors; and Mr. Hu Xiaowen, Mr. Gong Changhui and Mr. Huang Bo as independent non-executive Directors.

* *for identification purpose only*