

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**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 ISSUED SHARE CAPITAL OF  
EACH OF SINO GAS HONG KONG AND LUCKY SUCCESS**

**THE DISPOSAL**

On 15 November 2018, the Company, Dynamic Spring, Sinogas Hong Kong and Lucky Success entered into the Share Transfer Agreement, pursuant to which, (i) the Company has conditionally agreed to sell and Dynamic Spring has conditionally agreed to purchase the Sale Shares, representing the entire issued share capital of each of the Target Companies (Sinogas Hong Kong and Lucky Success), at the Consideration of RMB14,000,000 (equivalent to HK\$15,820,000); and (ii) the Debts owed by the Group (excluding the Target Group) to the Target Group in the aggregate amount of RMB1,340,987.49 (equivalent to approximately HK\$1,515,315.86) shall be waived.

**LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios in respect of the Disposal is/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 under Chapter 14 of the Listing Rules.

## **INTRODUCTION**

On 15 November 2018, the Company, Dynamic Spring, Sinogas Hong Kong and Lucky Success entered into the Share Transfer Agreement, pursuant to which, (i) the Company has conditionally agreed to sell and Dynamic Spring has conditionally agreed to purchase the Sale Shares, representing the entire issued share capital of each of the Target Companies (Sinogas Hong Kong and Lucky Success), at the Consideration of RMB14,000,000 (equivalent to HK\$15,820,000); and (ii) the Debts owed by the Group (excluding the Target Group) to the Target Group in the aggregate amount of RMB1,340,987.49 (equivalent to approximately HK\$1,515,315.86) shall be waived.

## **THE SHARE TRANSFER AGREEMENT**

The salient terms of the Share Transfer Agreement are set out as follows:

### **Date**

15 November 2018

### **Parties**

- (i) the Company;
- (ii) Dynamic Spring;
- (iii) Sinogas Hong Kong; and
- (iv) Lucky Success.

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

Each of the Target Companies is a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company.

### **Assets to be disposed of**

Pursuant to the Share Transfer Agreement, the Company has conditionally agreed to sell and Dynamic Spring has conditionally agreed to purchase the Sale Shares, representing the entire issued share capital of each of the Target Companies at the Consideration of RMB14,000,000 (equivalent to HK\$15,820,000).

As at the date of this announcement, Sinogas Hong Kong holds 100% equity interest in Sinogas Xuzhou, 70% equity interest in Sinogas Xuzhou Bus Fuel and 80% equity interest of Sinogas Xuchang while Lucky Success holds the entire issued share capital of Tide Link, which in turns holds 100% equity interest in Xuzhou Zhongyou Huijin.

It is agreed by the parties to the Share Transfer Agreement that all profit or loss and rights attached to the Target Group as at the Benchmark Date or subsequently becoming attached to it shall belong to Dynamic Spring.

### **Consideration and settlement terms**

Pursuant to the Share Transfer Agreement, the Consideration is RMB14,000,000 (equivalent to HK\$15,820,000), which shall be satisfied in the following manner:

- (1) RMB7,000,000 (equivalent to HK\$7,910,000) and RMB3,080,000 (equivalent to HK\$3,480,400) (the “**Prepaid Consideration**”) were paid to the Company by Dynamic Spring on 25 May 2018 and 27 July 2018, respectively, pursuant to a non-legally binding letter of intent entered into among the parties to the Share Transfer Agreement in relation to the Disposal on 3 May 2018; and
- (2) RMB3,920,000 (equivalent to HK\$4,429,600) (being the balance of the Consideration) shall be payable by Dynamic Spring to the Company (or its nominated subsidiary) on the Completion Date.

The Consideration has been arrived at after arm’s length negotiations between the Company and Dynamic Spring after taking into account, among other things, (i) the historical financial performance and conditions of the Target Group; and (ii) the future prospects of the Target Group.

### **Waiver of debts**

As at 16 May 2018, the Debts owed by the Group (excluding the Target Group, the “**Remaining Group**”) to the Target Group amounted to RMB1,340,987.49 (equivalent to approximately HK\$1,515,315.86). Pursuant to the Share Transfer Agreement, the Company shall procure itself, the relevant entities in the Remaining Group and the Target Group to enter into one or more debt waiver agreement(s) prior to the Completion Date to release each other from all rights and obligations in connection with the Debts. After entering into of the said debt waiver agreements (the “**Debt Waiver Agreement(s)**”), the Remaining Group will not be required to repay the Debts to the Target Group.

## **Conditions precedent**

The Completion shall be conditional upon fulfillment of the following conditions:

- (1) the Company shall publish all necessary announcement(s) and have obtained all necessary approvals under the Listing Rules, including but not limited to the Shareholders' approval on the Share Transfer Agreement and the transactions contemplated thereunder, if required;
- (2) in order to satisfy the condition (1) above, which includes completion of due diligence of the Disposal, preparation of all necessary announcement(s) and circular(s) by the Company, Dynamic Spring shall provide the Company with all information requested by the Company, including but not limited to the background information and the ultimate beneficial owner(s) of Dynamic Spring;
- (3) prior to the Completion Date, the Company shall procure itself, the relevant entities in the Remaining Group and the Target Group to enter into one or more Debt Waiver Agreement(s) so as to release the Remaining Group from all liabilities arising from the Debts; and
- (4) as at the Completion Date, all directors and the relevant personnel designated by the Company to the Target Group shall be replaced by persons designated by Dynamic Spring.

In the event that the above conditions precedent cannot be fulfilled on or before the Long Stop Date, the Share Transfer Agreement shall be terminated automatically and be of no further effect save for certain clauses as specified under the Share Transfer Agreement. The Company shall return the Prepaid Consideration to Dynamic Spring within five Business Days from the date of termination together with the interest accrued thereon calculated based on HK\$ or RMB (subject to the settlement currency to be agreed) deposit interest rate as quoted by the Hong Kong and Shanghai Banking Corporation Limited.

## **Completion**

The Completion shall take place after all the above-mentioned conditions precedent have been fulfilled. In any event, the Completion Date shall be a date within 10 Business Days upon the signing of the Share Transfer Agreement.

Upon Completion, the Company will cease to hold any interest in the companies comprising the Target Group and their financial results will no longer be consolidated into the financial statements of the Group.

## INFORMATION OF 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 OF SINOGAS HONG KONG, LUCKY SUCCESS AND THE TARGET GROUP

The Target Group comprises Sinogas Hong Kong Group and Lucky Success Group.

Sinogas Hong Kong is a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally engaged in investment holding. Lucky Success is a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally engaged in investment holding.

As at the date of this announcement, Sinogas Hong Kong holds 100% equity interest in Sinogas Xuzhou, 70% equity interest in Sinogas Xuzhou Bus Fuel and 80% equity interest of Sinogas Xuchang while Lucky Success holds the entire issued share capital of Tide Link, which in turns holds 100% equity interest in Xuzhou Zhongyou Huijin.

Both Sinogas Hong Kong Group and Lucky Success Group are principally engaged in the operation of gas refueling stations in the PRC.

Set out below is the summary of the unaudited financial information of Sinogas Hong Kong Group and Lucky Success Group for each of the years ended 31 December 2016 and 2017 as extracted from its unaudited management accounts based on Hong Kong Financial Reporting Standards:

### Sinogas Hong Kong Group

	For the year ended	
	31 December	
	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	67,313	39,147
Net profit/(loss) before taxation	1,255	(25,162)
Net loss after taxation	(221)	(22,682)

As at 31 December 2017, Sinogas Hong Kong Group had an unaudited consolidated net liability value of approximately HK\$2.06 million.

## Lucky Success Group

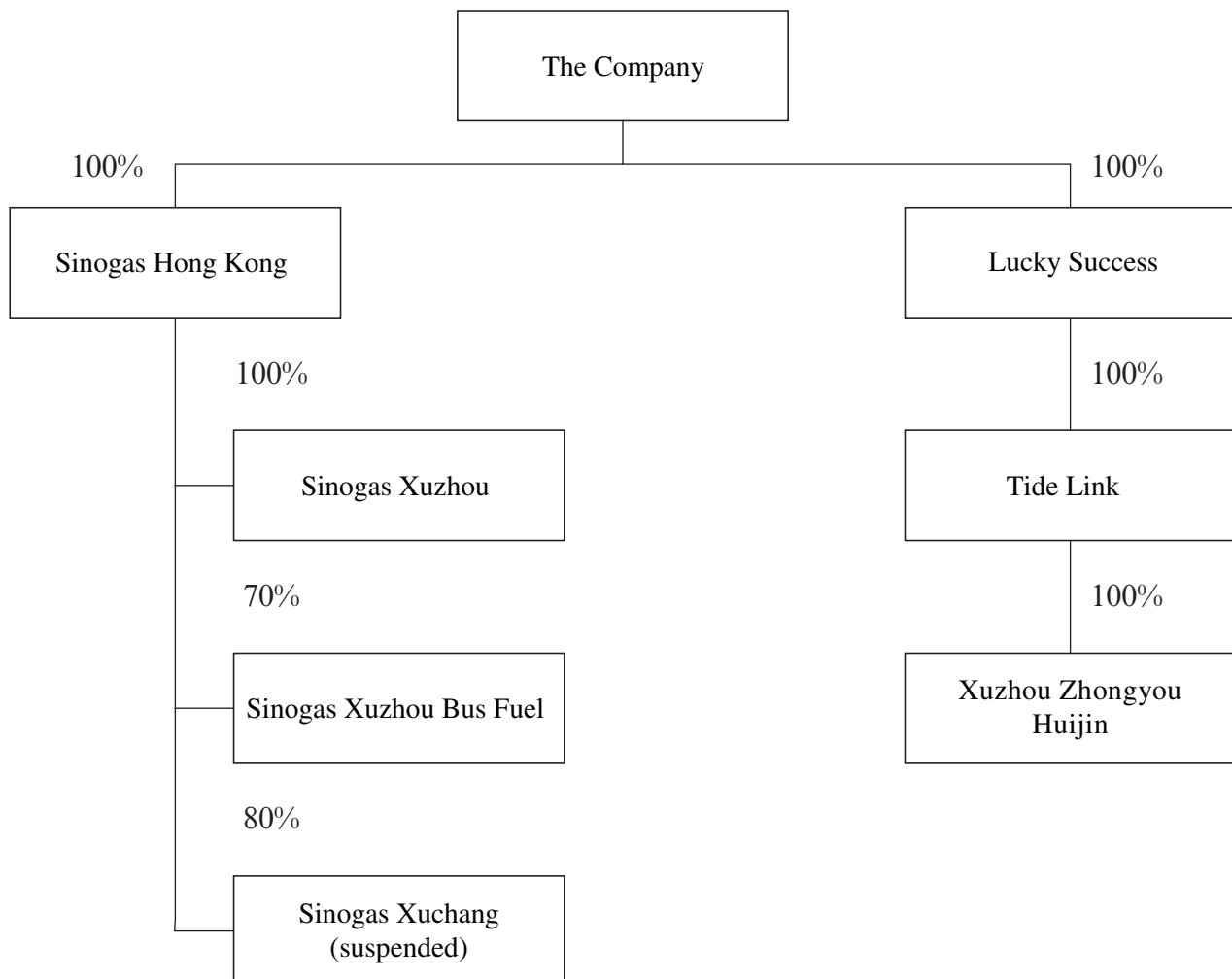
For the year ended  
31 December  
2016                      2017  
HK\$'000                      HK\$'000

Turnover	—	—
Net loss before taxation	(1,604)	(4,587)
Net loss after taxation	(1,604)	(4,587)

As at 31 December 2017, Lucky Success Group had an unaudited consolidated net asset value of approximately HK\$17.39 million.

### GROUP STRUCTURE

Set out below is the extract of the Group's structure as at the date of this announcement illustrating the companies comprising the Target Group to be disposed of pursuant to the Share Transfer Agreement:



## **INFORMATION ON DYNAMIC SPRING**

Dynamic Spring is a company incorporated in the BVI with limited liability. Dynamic Spring is an investment holding company.

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

## **FINANCIAL EFFECTS OF THE DISPOSAL**

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

Upon the Completion, the Company expects to record a gain on the Disposal of approximately HK\$1.2 million, being the Consideration deducted by, among others, the amount of the goodwill, the unaudited net asset value of the Target Group as at 31 December 2017 and professional fees and the related expenses. The aforementioned 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 gas refueling stations in 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 31 December 2017, the Board is of the view that the Disposal is a good opportunity for the Company to realise a gain on the Disposal and enable the Group to reallocate the financial resources to any suitable investment opportunities which may 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 RMB13.91 million (equivalent to approximately HK\$15.72 million) for general working capital of the Group.

In light of the foregoing, the Board is of the view that the terms of the Share Transfer Agreement are fair and reasonable, on normal commercial terms and the entering into of the Share 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 is/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:

“Benchmark Date”	31 December 2017
“Board”	the board of Directors
“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
“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
“Completion”	completion of the Disposal pursuant to the terms and conditions of the Share Transfer Agreement
“Completion Date”	the date of the Completion
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration for the Disposal pursuant to the Share Transfer Agreement
“Debts”	the aggregate amount of debts owed by the Remaining Group to the Target Group as at 16 May 2018, which amounted to RMB1,340,987.49 (equivalent to approximately HK\$1,515,315.86)
“Director(s)”	the director(s) of the Company



“Disposal”	the conditional disposal of the entire issued share capital of each of the Target Companies by the Company pursuant to the Share Transfer Agreement
“Dynamic Spring”	Dynamic Spring Limited, a company incorporated in the BVI with limited liability
“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 December 2018, or such other date as agreed by the parties to the Share Transfer Agreement in writing
“Lucky Success”	Lucky Success Group Limited, a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company
“Lucky Success Group”	Lucky Success and its subsidiaries (being Tide Link and Xuzhou Zhongyou Huijin)
“Lucky Success Shares”	100 issued ordinary shares of Lucky Success, representing the entire issued share capital of Lucky Success
“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
“Sale Shares”	Sinogas Hong Kong Shares and Lucky Success Shares
“Share(s)”	ordinary share(s) in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)

“Share Transfer Agreement”	the share transfer agreement dated 15 November 2018 entered into among the Company, Dynamic Spring, Sinogas Hong Kong and Lucky Success in respect of the Disposal
“Sinogas Hong Kong”	Sino Gas Group Hong Kong Limited (中油潔能集團香港有限公司), a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company
“Sinogas Hong Kong Group”	Sinogas Hong Kong and its subsidiaries (being Sinogas Xuzhou, Sinogas Xuzhou Bus Fuel and Sinogas Xuchang)
“Sinogas Hong Kong Shares”	1 issued ordinary share of Sinogas Hong Kong, representing the entire issued share capital of Sinogas Hong Kong
“Sinogas Xuchang”	許昌中油潔能有限責任公司 (Xuchang Sinogas Company Limited), a company established in the PRC with limited liability, which is owned as to 80% by Sinogas Hong Kong and the business license of which was revoked as to the date of this announcement
“Sinogas Xuzhou”	中油潔能（徐州）環保燃氣有限公司 (Sinogas (Xuzhou) Cleanly Fuel Co., Limited), a company established in the PRC with limited liability and a direct wholly-owned subsidiary of Sinogas Hong Kong as at the date of this announcement
“Sinogas Xuzhou Bus Fuel”	徐州中油潔能巴士燃氣有限公司 (Xuzhou Sinogas Bus Fuel Company Limited), a company established in the PRC with limited liability which is owned as to 70% by Sinogas Hong Kong as to the date of this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Companies”	Sinogas Hong Kong and Lucky Success
“Target Group”	collectively, Sinogas Hong Kong Group and Lucky Success Group
“Tide Link”	Tide Link International Limited (迪盈國際有限公司), a company incorporated in Hong Kong with limited liability which is owned as to 100% by Lucky Success as at the date of this announcement

“Xuzhou Zhongyou Huijin” 徐州中油匯金燃氣有限公司 (Xuzhou Zhongyou Huijin Gas Company Limited), a company established in the PRC with limited liability which is owned as to 100% by Tide Link as to the date of this announcement

“%” 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\$1.13. 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.*

*In this announcement, the English names of the PRC entities are translation of their Chinese names, and are included herein for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.*

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

*Chairman, Executive Director and Chief Executive Officer*

Hong Kong, 15 November 2018

*As at the date of this announcement, the Board comprises Mr. GUAN Liqun (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.*