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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 DISPOSAL OF 40% EQUITY INTEREST  
IN SINO GAS HOLDINGS GROUP LIMITED**

**Financial adviser to AVIC Joy Holdings (HK) Limited**



On 7 October 2016 (after trading hours), the Company, the Vendor, the Purchaser and Sino Gas BVI entered into the Share Transfer Agreement, pursuant to which, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sino Gas Sale Shares and the China Full Sale Loan for the Consideration of HK\$88,300,000.

As one or more of the applicable percentage ratio(s) under Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the Share Transfer Agreement exceeds 5% but is below 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement.

**THE SHARE TRANSFER AGREEMENT**

On 7 October 2016 (after trading hours), the Company, the Vendor, the Purchaser and Sino Gas BVI entered into the Share Transfer Agreement, pursuant to which, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sino Gas Sale Shares and the China Full Sale Loan for the Consideration of HK\$88,300,000.

Date: 7 October 2016

- Parties: (1) The Company;
- (2) the Vendor;
- (3) the Purchaser; and
- (4) Sino Gas BVI.

The Purchaser is an investment holding company incorporated in Hong Kong with limited liability. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are Independent Third Parties.

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

Sino Gas BVI is an investment holding company incorporated in the BVI with limited liability. As at the date of this announcement, Sino Gas BVI is owned as to 40% by the Vendor and 60% by Sanlin Resources and Sino Gas BVI is an associated company of the Company.

### **Subject matters**

Pursuant to the Share Transfer Agreement, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase (i) the Sino Gas Sale Shares, representing 40% of the total issued share capital of Sino Gas BVI, being 40 ordinary shares of Sino Gas BVI as at the date of the Share Transfer Agreement; and (ii) the China Full Sale Loan. As at the date of the Share Transfer Agreement, the total amount owed by China Full to the Company was HK\$11,134,480.

### **Consideration and settlement terms**

Pursuant to the Share Transfer Agreement, the Consideration is HK\$88,300,000 comprising:

- (i) the consideration for the Sino Gas Sale Shares in the amount of HK\$79,000,000; and
- (ii) the consideration for the China Full Sale Loan in the amount of HK\$9,300,000.

The Consideration shall be satisfied by the Purchaser in the following manners:

- (i) as to HK\$10,000,000, or such equivalent amount in RMB based on the middle exchange rate published by the People's Bank of China on the previous business day of the payment as agreed by the Company and the Purchaser, shall be satisfied by the Purchaser (or its nominee) in cash payable to the Company (or its nominated wholly-owned subsidiary) within three Business Days after the date of the Share Transfer Agreement as deposit (the "Deposit") and will form part of the Consideration of the Disposal at Completion; and
- (ii) as to the balance of HK\$78,300,000, or such equivalent amount in RMB based on the middle exchange rate published by the People's Bank of China on the previous Business Day of the payment as agreed by the Company and the Purchaser, shall be satisfied by the Purchaser (or its nominated company) in cash payable to the Company (or its nominated wholly-owned subsidiary) before the Completion Date or such other date as the parties to the Share Transfer Agreement may agree in writing.

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 Sino Gas Group, in particular the net asset value of the Sino Gas Group; (ii) the future prospects of the Sino Gas Group; and (iii) the outstanding amount due from China Full to the Company.

### **Conditions precedent**

The Completion shall be subject to the fulfillment of the following conditions:

- (1) the Company having complied with the disclosure requirements and/or obtained the necessary approval of the Shareholders (if required) on the Share Transfer Agreement and the transactions contemplated thereunder in accordance with the Listing Rules; and
- (2) the settlement of the Consideration in the manner as described in the paragraph headed "Consideration and settlement terms" above.

In the event that any of the above conditions precedent to Completion is not fulfilled on or before the Long Stop Date, the Share Transfer Agreement shall automatically lapse and be of no further effect save for certain clauses as specified under the Share Transfer Agreement. The Company (or its nominated wholly-owned subsidiary) shall return the Deposit within five Business Days to the Purchaser (or its nominated company) 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 on the third Business Day after all conditions precedent to Completion have been fulfilled, or such other date as the parties to the Share Transfer Agreement may agree in writing.

Upon Completion, the obligation for repayment of the remaining balance of the amount due from China Full to the Company, being HK\$1,834,480 shall be waived.

In the event that the Purchaser fails to comply with the relevant provisions of the Share Transfer Agreement in relation to the Completion, the Company is entitled to, among other things, terminate the Share Transfer Agreement and confiscate the Deposit as compensation to 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 Share Transfer Agreement in relation to the Completion, (i) the Purchaser is entitled to, among other things, terminate the Share Transfer Agreement without prejudice to its rights of claiming others compensations; and (ii) the Company shall pay the amount equal to twice of the Deposit to the Purchaser as compensation to the Purchaser.

## **INFORMATION ON THE PURCHASER**

Based on the information provided by the Purchaser, the Purchaser is an investment holding company incorporated in Hong Kong 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 Independent Third Parties.

## **INFORMATION ON THE SINO GAS GROUP**

Sino Gas BVI is an investment holding company which is incorporated in the BVI with limited liability which currently holds 99.98% of the issued share capital of China Full. The Vendor and Sanlin Resources owns as to 0.01% each of the issued share capital of China Full. As at the date of this announcement, Sino Gas BVI is owned as to 40% by the Vendor and as to 60% by Sanlin Resources.

China Full is an investment holding company incorporated in Hong Kong with limited liability and a subsidiary of Sino Gas BVI. Zhuhai Sinogas is the direct wholly-owned subsidiary of China Full and one of the major operating subsidiaries of the Sino Gas Group. Zhuhai Sinogas and its subsidiaries are principally engaged in the operation of LPG refueling stations, LPG trading and gas logistics business in the PRC.

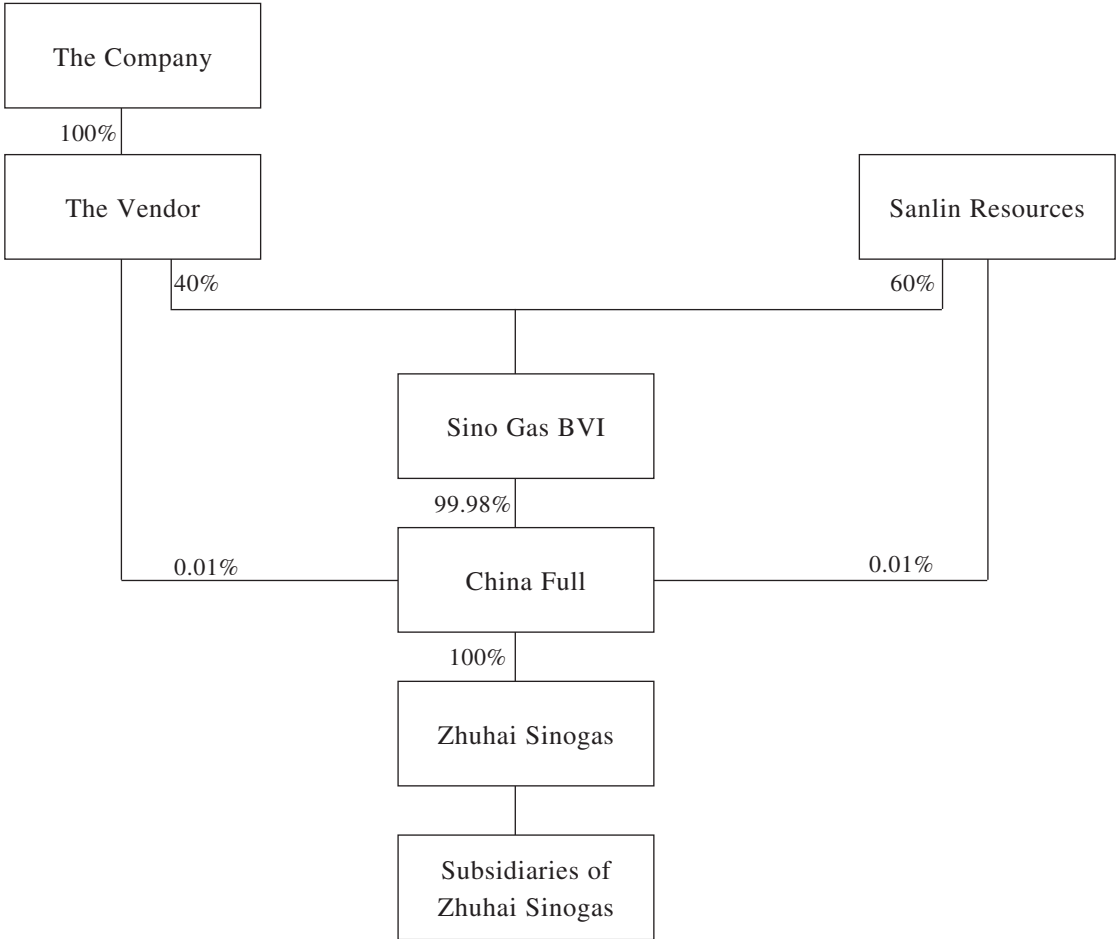
Set out below is the summary of the unaudited consolidated financial information of Sino Gas Group for each of the years ended 31 December 2014 and 2015 as extracted from its consolidated management accounts:

	<b>For the year</b>	
	<b>ended 31 December</b>	
	<b>2014</b>	<b>2015</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	631,477	597,237
Profit before taxation	35,757	19,172
Profit after taxation attributable to owners of Sino Gas BVI	26,981	17,842

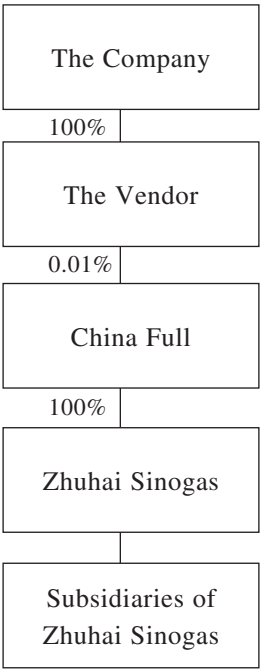
The unaudited consolidated net asset value of Sino Gas Group as at 30 June 2016 was approximately HK\$162.4 million based on its consolidated management accounts.

**GROUP STRUCTURE**

Set out below is the extracts of the Group’s structure as at the date of this announcement:



Set out below is the extracts of the Group’s structure upon Completion:



**FINANCIAL EFFECTS OF THE DISPOSAL**

As at the date of this announcement, Sino Gas BVI is owned as to 40% by the Vendor and as to 60% by Sanlin Resources and hence Sino Gas BVI is accounted as an associated company in the consolidated financial statements of the Company. Sino Gas BVI and its subsidiaries have been regarded as associated companies of the Company, whose net assets and net results have been accounted for on an equity basis in the Company’s consolidated financial statements.

Upon Completion, save for the 0.01% interest in China Full, the Company will cease to have any interests in each member of the Sino Gas Group. Equity accounting will cease and the 0.01% interest in China Full will be treated as available-for-sale financial assets in the consolidated financial statements of the Company.

Based on the unaudited financial information of the Sino Gas Group as at 30 June 2016, it is expected that a gain on disposal (before tax) of approximately HK\$25.0 million, after taking into account, among other things, the estimated net proceeds of approximately HK\$87.6 million from the disposal of the Sino Gas Sale Shares (after deduction of professional fees and other related expenses) net of the 40% attributable net asset value of the Sino Gas of approximately HK\$51.5 million as at 30 June 2016 and the total amount owed by China Full to the Company of approximately HK\$11.1 million, will be recognised in the consolidated financial statements of the Company upon Completion.

The abovementioned financial effects are shown for illustrative purpose only and the actual gain/loss eventually to be recognised in the consolidated financial statements of the Company, depends on, among other things, the consolidated net asset value of the Sino Gas Group as at the Completion Date.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

The Group is principally engaged in the operation of CNG and LPG refueling stations, management and operation of light-emitting diode (“LED”) energy management contracts (“EMC”), provision of finance lease and loan financing services and properties investment; and class 1 land development in the PRC.

Sino Gas BVI, through its subsidiaries including China Full and Zhuhai Sinogas, is principally engaged in the operation of LPG refueling stations, LPG trading and gas logistics business in the PRC. Having considered that (i) the consideration represents a premium over the net asset attributable to the interest of the Vendor of the Sino Gas Group as at 30 June 2016; and (ii) following completion of the Group Restructuring completed in September 2015, the Group only retained 40% interest in the Sino Gas Group. The Disposal would provide the Group with an immediate cash inflow and enable the Group to crystallise its investment gains in its remaining interest in Sino Gas Group, the Directors are 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 on any suitable investment opportunities which would enhance Shareholders’ value. The Company intends to apply the net proceeds from the Disposal for general working capital of the Group.

In light of the foregoing, the Directors (including the independent non-executive Directors) are of the view that the terms of the Share Transfer Agreement are fair and reasonable 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 ratio(s) under Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the Share Transfer Agreement exceeds 5% but is below 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements but exempt from the Shareholders’ approval requirement.

## **DEFINITIONS**

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

“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”	British Virgin Islands
“China Full”	China Full Company Limited (創意豐有限公司), a company incorporated in Hong Kong with limited liability and a subsidiary of Sino Gas BVI as at the date of this announcement
“China Full Sale Loan”	an amount of HK\$11,134,480 owed by China Full to the Company as at the date of the Share Transfer Agreement
“CNG”	compressed natural gas
“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 Share Transfer Agreement pursuant to the terms and conditions thereof
“Completion Date”	the day on which the Completion takes place
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration for the Sino Gas Sale Shares and the China Full Sale Loan of HK\$88,300,000 payable by the Purchaser to the Vendor pursuant to the Share Transfer Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	the proposed disposal of the Sino Gas Sale Shares and the assignment of the China Full Sale Loan by the Vendor to the Purchaser pursuant to the Share Transfer Agreement
“Group”	the Company and its subsidiaries
“Group Restructuring”	comprising (i) the transfer of 4 subsidiaries and a joint venture of the Company to Sino Gas BVI (or its nominated subsidiary); (ii) the disposal of the 10% of the issued share capital of Sino Gas BVI and the sum owed by China Full to Sanlin Resources; and (iii) the settlement of the debts, which has been completed in September 2015 (details of which were disclosed in the Company’s announcement dated 3 December 2014 and the Company’s circular dated 25 February 2015)



“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	third parties independent of and not connected with the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 December 2016, or such other date as agreed by the parties to the Share Transfer Agreement in writing
“LPG”	liquefied petroleum gas
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Best Creation Group Holdings Limited (創隆集團控股有限公司), a company incorporated in Hong Kong with limited liability
“RMB”	Renminbi, the lawful currency of PRC
“Sanlin Resources”	Sanlin Resources Limited (新聯資源有限公司), a company incorporated in the BVI with limited liability which owns 60% of the issued share capital of Sino Gas BVI as at the date of this announcement
“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 7 October 2016 entered into between the Company, the Vendor, the Purchaser and Sino Gas BVI in respect of the Disposal
“Sino Gas BVI”	Sino Gas Holdings Group Limited (中油潔能控股集團有限公司), a company incorporated in the BVI with limited liability and an associated company of the Company as at the date of this announcement

“Sino Gas Group”	Sino Gas BVI and its subsidiaries
“Sino Gas Sale Shares”	40% of the total issued share capital of Sino Gas BVI, being 40 ordinary shares of Sino Gas BVI as at the date of this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Great Concept Investments Holdings Limited (偉念投資集團有限公司), a company incorporated in the BVI with limited liability and a direct wholly-owned subsidiary of the Company as at the date of this announcement
“Zhuhai Sinogas”	中油潔能(珠海)石化有限公司(Sinogas (Zhuhai) Limited*), a company established under the PRC law with limited liability and a direct wholly-owned subsidiary of China Full as at the date of this announcement
“%”	per cent

*For the purpose of illustration only, amounts denominated in RMB in this announcement have been translated into HK\$ at the rate of RMB1 = HK\$1.16. 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, 7 October 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 identification purpose only*