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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)**

## **DECISION OF THE LISTING COMMITTEE TO SUSPEND TRADING IN THE COMPANY'S SHARES**

This announcement is made by AVIC Joy Holdings (HK) Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcements of the Company dated 7 September 2022, 9 September 2022 and 19 September 2022 (the “**Announcements**”) in relation to, among other matters, the decision of the Listing Division of the Stock Exchange (the “**Listing Division**”) that the Company had failed to comply with Rule 13.24 of the Listing Rules (the “**LD's Decision**”) and the Company's written request for a review by the Listing Committee of the Stock Exchange (the “**Committee**”) of the LD's Decision, respectively. Unless otherwise specified, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

### **DECISION OF THE COMMITTEE TO SUSPEND TRADING IN THE COMPANY'S SHARES**

The Company wishes to inform the Shareholders and potential investors of the Company that the review hearing of the LD's Decision by the Committee (the “**Review Hearing**”) was held on 1 November 2022. On 17 November 2022, the Company received a letter from the Committee notifying the Company that the Committee, having considered all the submissions (both written and oral) made by the Company and the Listing Division, decided to uphold the LD's Decision to suspend trading in the Company's shares (the “**Shares**”) under Rule 6.01(3) of the Listing Rules (the “**LC Decision**”). The Committee was of the view that the Company failed to maintain a sufficient level of operations and assets of sufficient value to support its operation as required under Rule 13.24 of the Listing Rules to warrant the continued listing of its Shares.

The Committee arrived at its decision for the following reasons:

### **On operation**

1. After ceasing the Gas and Petroleum Products Business in 2019 (the “**Ceased Gas Business**”), the Company started relying on two businesses, being the LED Business and the Finance Lease Business. However, for 2020, 2021 and 1H2022, the Company recorded minimal revenues of HK\$6 million, HK\$3 million and HK\$2 million respectively which were insufficient to cover its corporate expenses resulting in net losses of HK\$189 million, HK\$49 million and HK\$19 million respectively. For the following reasons, the Committee considered that the Company failed to demonstrate it had a business which was of substance, viable and sustainable.

### **LED Business**

2. The LED Business has not generated any revenue since 2016. The Company sought to develop the business through two projects with the SOE Client, the Collaboration Agreements with Jia Lian, and additional agreements to be signed with the SOE client. However, it was noted that there had been no material development on these projects and agreements since the LD’s Decision. The Committee considered that the Company’s business plan did not provide evidence that the LED Business is a business which is of substance, viable and sustainable:
  - (a) The construction of the projects with the SOE client did not commence at all. Although the Company submitted in its written submission dated 13 October 2022 (the “**Written Submission**”) that it had been actively communicating with counterparties for the expected commencement of the projects, it was uncertain when the projects would commence.
  - (b) The Company asserted that the delay in commencing the projects was due to COVID-19, but did not provide the factual basis for such assertion. Even if the projects were to commence, the Company would only receive an annual average income of RMB10 million over a period of 10 years, indicating that the LED Business would continue to have only a minimal scale of operation.
  - (c) The Company did not provide an update on the progress of signing any of the additional agreements with the SOE client it previously submitted, in its submission to the Listing Division in May 2021, it would be signing. The Company failed to demonstrate a prospect of doing so in the foreseeable future.
  - (d) The Collaboration Agreements did not generate any revenue.
  - (e) In any case, even taking into account the agreements signed with the SOE client (and the additional agreements to be signed) and the Collaboration Agreements, the Company has a very limited customer base.

- (f) According to the Company’s memorandum of profit and cash flow forecasts for the two years ending 31 December 2023 submitted on 28 October 2022 (the “**Profit and Cash Flow Forecasts**”), the LED Business would not generate any revenue for the two years ending 31 December 2023.

### **Finance Lease Business**

3. This business had maintained a minimal scale of operation, with annual revenue of between HK\$2 million and HK\$17 million from 2015 to 2021. It continued to generate minimal revenue of only HK\$2 million for the first half of 2022 (“**1H2022**”), Further, given the minimal operation scale before the COVID-19 pandemic, the Company failed to demonstrate that, but for COVID-19, the business could have generated sufficient revenue and profit to support its viability and sustainability.
4. Based on the Written Submission, the Company entered into four new finance lease agreements for the nine months ended 30 September 2022. However, the interest income to be generated thereunder was low, ranging from HK\$2 million to HK\$4 million over the lease periods between 3 years and 6.5 years. The Committee also noted there was no update on whether or when definitive agreements would be signed in respect of the two non-legally binding agreements mentioned in the Company’s submission to the Listing Division dated 10 August 2022 (the “**August Submission**”). Further, based on the Profit and Cash Flow Forecasts, this business was forecast to generate minimal revenue of around HK\$4 million in each of the two years ending 31 December 2023.
5. In light of the above, the Committee considered the Company did not demonstrate this business was viable and sustainable.

### **Re-commenced Gas and Petroleum Products Business**

6. Based on the Written Submission, the Company re-commenced the Gas and Petroleum Products Business in August 2022 (the “**Re-commenced Gas and Petroleum Products Business**”). However, it was unclear whether the business model of the Re-commenced Gas and Petroleum Products Business remained the same as that of the Ceased Gas and Petroleum Products Business. In particular, the Committee noted the August Submission stated that the Group used to operate compressed natural gas refueling stations, which the Company does not currently operate as it acknowledged at the Review Hearing. It was also submitted in the Written Submission that the Re-commenced Gas and Petroleum Products Business would focus on the trading of gas and petroleum products.

7. The Committee noted the Company had completed sales orders with total contract sum of HK\$50 million in August and September 2022. However, given its limited track record since its recent re-commencement and customer base of only two customers as at the date of the Written Submission, it was unclear whether the Company would achieve the forecast revenue of HK\$225 million and HK\$699 million for two years ending 31 December 2022 and 2023 respectively.
8. Even if the forecast revenue was achievable, the Company would continue to record net losses for the two years ending 31 December 2022 and 2023 according to the Profit and Cash Flow Forecasts. This was due to the minimal gross profit margin, which was forecast to decrease from 2.4% for the year ending 31 December 2022 to only 0.9% for the year ending 31 December 2023, during which the Re-commenced Gas and Petroleum Products Business was expected to contribute to a substantial portion of revenue.
9. The Company's business plans to expand customer base and increase gross profit margin were also generic, and lacked details. The Committee therefore considered the Re-commenced Gas and Petroleum Products Business was not viable and sustainable.

**On assets**

10. The Committee considered that the Company did not have sufficient assets to meet Rule 13.24 due to the following reasons:
  - (a) As at 30 June 2022, the Company had net liabilities of HK\$641 million. This has taken into account its total assets of HK\$686 million, HK\$310 million of which represented the contracts costs allegedly recoverable from the government in relation to a land development service project. The Company's auditor issued a qualified opinion on the recoverability of these contract costs given the uncertain outcome of the mediation between the Company and the government.
  - (b) Coupled with the matters set out in paragraphs 2 to 9 above, the Committee considered the Company did not have sufficient assets to support the operation of a viable and sustainable business.
11. In light of the above, the Committee considered that the Company has failed to maintain a sufficient level of operations and assets of sufficient value to support its operations as required under Rule 13.24.

## **RIGHT OF REVIEW AND POTENTIAL REVIEW REQUEST OF THE LC DECISION**

Under Rules 2B.06(2) and 2B.08(1) of the Listing Rules, the Company has the right to have the LC Decision referred to the Listing Review Committee (as defined in the Listing Rules) for review within seven business days from the date of the LC Decision (i.e. on or before 28 November 2022). The trading in the Shares will be suspended from 9:00 a.m. on 29 November 2022 (i.e. after the expiry of seven business days from the date of the LC Decision), unless the Company applies for a review of the LC Decision in accordance with its rights under Chapter 2B of the Listing Rules. Prior to that, trading in the Shares will continue.

The Company is in the process of reviewing the LC Decision and is discussing the same internally and with the professional advisers, and will consider whether to lodge a request for the LC Decision to be referred to the Listing Review Committee for review.

The Directors would like to remind the Shareholders and potential investors of the Company that (i) the Company may or may not proceed with the review by the Listing Review Committee; and (ii) the outcome of such review, if undertaken, is uncertain.

Further announcement(s) will be made by the Company as and when appropriate and in accordance with the requirements of the Listing Rules.

**Shareholders who have any queries about the implications of the LC Decision are advised to obtain appropriate professional advice. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

By order of the Board  
**AVIC Joy Holdings (HK) Limited**  
**CHANG Chien**  
*Chairman and Executive Director*

Hong Kong, 17 November 2022

*As at the date of this announcement, the board of Directors comprises:*

*Executive Directors*

*Mr. Chang Chien (Chairman), Mr. Lam Toi Man and Mr. Zhu Chengye*

*Independent Non-Executive Directors*

*Mr. To Chun Kei, Mr. Lok Tze Bong and Mr. Cheung Ting Pong*