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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **AVIC Joy Holdings (HK) Limited**, you should at once hand this circular and the accompanying proxy form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)**

**MAJOR TRANSACTION
IN RELATION TO THE DISPOSAL OF ENTIRE EQUITY INTERESTS IN
(I) SHANDONG SINOGAS COMPANY LIMITED;
(II) WINFIELD INNOVATIONS LIMITED; AND
(III) ANHUI SINOGAS COMPANY LIMITED
AND
NOTICE OF EGM**

Financial adviser to AVIC Joy Holdings (HK) Limited

A letter from the Board is set out on pages 6 to 17 of this circular.

A notice convening the EGM to be held at Unit 1804A, 18/F, Tower 1, Admiralty Centre, No. 18 Harcourt Road, Admiralty, Hong Kong, on Thursday, 22 December 2016 at 11:00 a.m. is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for use at the EGM is enclosed with this circular. Such form of proxy is also published on the website of the Stock Exchange at www.hkexnews.hk. Whether or not you propose to attend the meeting, you are requested to read the notice of EGM and to complete the form of proxy enclosed in this circular in accordance with the instructions printed thereon and return the same to the Company's Hong Kong share registrar and transfer office, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding of the meeting or any adjournment thereof. Completion and return of the proxy form shall not preclude you from attending and voting at the meeting should you so wish.

18 November 2016

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions 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
“Anhui Sinogas Equity Pledge”	the equity pledge over all the equity interest in Anhui Sinogas following the completion of the transfer of Anhui Sinogas Sale Shares to be executed by the Purchaser (or its nominated subsidiary) and Anhui Sinogas in favour of the Company (or its nominated subsidiary)
“Anhui Sinogas Group”	Anhui Sinogas and its subsidiaries
“Anhui Sinogas Sale Shares”	100% of the equity interest in Anhui Sinogas
“Announcement”	the announcement of the Company dated 10 October 2016 in respect of the Disposal
“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
“Chengdu Sinogas”	中油潔能(成都)環保科技有限公司 (Sinogas Chengdu Company Limited*), a company established in the PRC with limited liability which is owned as to 52.5% by Winfield Innovations and a joint controlled entity of the Company
“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 prior to the Sino Gas Disposal
“China Full Sale Loan”	an amount of HK\$11,134,480 owed by China Full to the Company prior to the Sino Gas Disposal
“close associates”	has the meaning ascribed to this term under the Listing Rules
“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

DEFINITIONS

“Completion Date”	the date falling on the third Business Day from the day after satisfaction of all relevant conditions precedent in the Share Transfer Agreement or such other date as may be mutually agreed between the parties
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the aggregate consideration for the Sale Shares payable by the Purchaser to the Company pursuant to the Share Transfer Agreement
“Corporate Guarantee”	a guarantee executed by Shenzhen Sinogas on 5 November 2014 in favour of China Minsheng Banking Corp., Ltd. (Chengdu branch) in respect of a loan in the principal amount up to RMB18,378,500 (equivalent to approximately HK\$21.3 million) granted by China Minsheng Banking Corp., Ltd. (Chengdu branch) to Chengdu Sinogas
“Crystal Concept”	Crystal Concept Investments Limited, a company incorporated in the BVI with limited liability, and is a direct wholly-owned subsidiary of the Company
“Debt”	the aggregate amount of debts owed by the Group (excluding the Target Group) to the Target Group as at the date of the Share Transfer Agreement, which amounted to RMB25,818,678.25 (equivalent to approximately HK\$29.9 million)
“Director(s)”	the director(s) of the Company
“Disposal”	the conditional disposal of the Sale Shares by the Group to the Purchaser (or its nominated subsidiary) pursuant to the Share Transfer Agreement
“Domestic Shandong Sinogas Sale Share”	50% of the equity interest in Shandong Sinogas, which is directly owned by Shenzhen Sinogas, an indirect wholly-owned subsidiary of the Company
“EGM”	an extraordinary general meeting of the Company to be convened and held for the purpose of considering, and if thought fit, approving, among other things, the Share Transfer Agreement and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Jetco Innovations”	Jetco Innovations Limited, a company incorporated in the BVI with limited liability, and is a direct wholly-owned subsidiary of the Company
“Latest Practicable Date”	15 November 2016, being the latest practicable date prior to printing of this circular for ascertaining certain information contained in this circular
“LED”	Light-emitting diode
“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
“Offshore Shandong Sinogas Sale Shares”	50% of the equity interest in Shandong Sinogas, which is directly owned by Jetco Innovations, a direct wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Promissory Note”	the promissory note in the principal amount of RMB70,000,000 (equivalent to approximately HK\$81.2 million) to be issued by the Purchaser (or its nominated subsidiary) to the Company (or its nominated subsidiary) to satisfy part of the Consideration, in the form attached to the Share Transfer Agreement
“Purchaser”	廣州佳聯能源有限公司 (Guangzhou Jialian Energy Company Limited*), a company established in the PRC with limited liability
“RMB”	Renminbi, the lawful currency of PRC
“Sale Shares”	Shandong Sinogas Sale Shares, Winfield Innovations Sale Shares and Anhui Sinogas Sale Shares
“Security Documents”	Shandong Sinogas Equity Pledge, Anhui Sinogas Equity Pledge and Winfield Share Charge
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

DEFINITIONS

“Shandong Sinogas”	山東中油潔能天然氣有限公司 (Shandong Sinogas Company Limited*), a company established in the PRC with limited liability which is owned as to 50% by Jetco Innovations and as to 50% by Shenzhen Sinogas and is registered as a co-operative joint venture under the laws of the PRC
“Shandong Sinogas Equity Pledge”	the equity pledge over all the equity interest in Shandong Sinogas following the completion of the transfer of Shandong Sinogas Sale Shares to be executed by the Purchaser (or its nominated subsidiary) and Shandong Sinogas in favour of the Company (or its nominated subsidiary)
“Shandong Sinogas Group”	Shandong Sinogas and its subsidiaries and associates
“Shandong Sinogas Sale Shares”	Domestic Shandong Sinogas Sale Share and Offshore Shandong Sinogas Sale 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 10 October 2016 entered into between the Company and the Purchaser in respect of the Disposal
“Shenzhen Sinogas”	深圳中油潔能環保科技有限公司 (Shenzhen Sinogas Environmental Protection Technology Limited*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Sino Bloom”	Sino Bloom Investments Limited, a company established in BVI with limited liability and a direct wholly-owned subsidiary of the Company
“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 prior to the Sino Gas Disposal
“Sino Gas Completion”	completion of the Sino Gas Disposal
“Sino Gas Disposal”	the disposal of the Sino Gas Sale Shares by Great Concept Investments Holdings Limited (as vendor) and the assignment of the China Full Sale Loan by the Company (as assignor) to Best Creation Group Holdings Limited (創隆集團控股有限公司) (as purchaser and assignee, respectively)

DEFINITIONS

“Sino Gas Sale Shares”	40% of the total issued share capital of Sino Gas BVI, being 40 ordinary shares of Sino Gas BVI
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Group”	collectively, Shandong Sinogas Group, Winfield Innovations Group and Anhui Sinogas Group
“Transaction Documents”	comprising the Share Transfer Agreement and the Promissory Note, the Security Documents and any other document designated as such by the Company and the Purchaser in relation to the Disposal
“Winfield Innovations”	Winfield Innovations Limited (永輝創建有限公司), a company established in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Winfield Innovations Group”	Winfield Innovations and its subsidiaries and a jointly controlled entity
“Winfield Innovations Sale Shares”	100% of the equity interest in Winfield Innovations as at the date of the Share Transfer Agreement
“Winfield Share Charge”	the share charge over all the issued share capital of Winfield Innovations upon Completion by the Purchaser (or its nominated subsidiary) in favour of the Company (or its nominated subsidiary) to be entered into on the Completion Date
“%”	per cent

For the purpose of illustration only, amounts denominated in RMB in this circular 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.

* For identification purpose only

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. ZHU Dong (*Chairman*)
Mr. WANG Xiaowei (*Chief Executive Officer*)
Mr. ZANG Zheng
Mr. XIAO Wei

Registered office and principal

place of business:
Room A02, 35/F
United Centre
No. 95 Queensway
Hong Kong

Independent non-executive Directors:

Mr. HU Xiaowen
Mr. GONG Changhui
Mr. WU Meng

18 November 2016

To the Shareholders

Dear Sir/Madam,

MAJOR TRANSACTION
IN RELATION TO THE DISPOSAL OF ENTIRE EQUITY INTERESTS IN
(I) SHANDONG SINO GAS COMPANY LIMITED;
(II) WINFIELD INNOVATIONS LIMITED; AND
(III) ANHUI SINO GAS COMPANY LIMITED

INTRODUCTION

Reference is made to the Announcement. On 10 October 2016, the Company entered into the Share Transfer Agreement with the Purchaser, pursuant to which, the Company has conditionally agreed to procure its subsidiaries to sell and the Purchaser has conditionally agreed to purchase the Sale Shares for the Consideration of RMB175,818,678.25 (equivalent to approximately HK\$203.9 million).

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 25% but is below 75%, the Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the requirements of reporting, announcement and the Shareholders' approval, by way of poll, at the EGM under the Listing Rules.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, further information regarding to the Share Transfer Agreement and the Disposal and notice of EGM.

THE SHARE TRANSFER AGREEMENT

Date: 10 October 2016

Parties: (i) the Company; and
(ii) 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.

Subject matters

Pursuant to the Share Transfer Agreement, the Company conditionally agreed to procure (i) Shenzhen Sinogas and Jetco Innovations to sell and the Purchaser (or its nominated subsidiary) conditionally agreed to purchase the respective Domestic Shandong Sinogas Sale Shares and Offshore Shandong Sinogas Sale Shares, representing 50% and 50% of the equity interest in Shandong Sinogas held by Shenzhen Sinogas and Jetco Innovations respectively; (ii) Sino Bloom to sell and the Purchaser (or its nominated subsidiary) conditionally agreed to purchase the Anhui Sinogas Sale Shares, representing 100% of the equity interest in Anhui Sinogas held by Sino Bloom; and (iii) Crystal Concept to sell and the Purchaser (or its nominated subsidiary) conditionally agreed to purchase the Winfield Innovations Sale Shares, representing 100% of the equity interest in Winfield Innovations held by Crystal Concept.

Subject to the Completion, the rights and profit or loss attributable to the Domestic Shandong Sinogas Sale Shares, Offshore Shandong Sinogas Sale Shares, Anhui Sinogas Sale Shares and Winfield Innovations Sale Shares since the date of the Share Transfer Agreement shall be attributable to the Purchaser (or its nominated subsidiary).

LETTER FROM THE BOARD

Consideration and settlement terms

Pursuant to the Share Transfer Agreement, the Consideration in aggregate amount of RMB175,818,678.25 (equivalent to approximately HK\$203.9 million) shall be satisfied in the following manner:

- (1) as to RMB80,000,000 (equivalent to approximately HK\$92.8 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 Company and the Purchaser, to be satisfied by the Purchaser in cash payable to the Company (or its nominated subsidiary) within three Business Days after the date of the Share Transfer Agreement (the **"Cash Consideration"**);
- (2) as to RMB25,818,678.25 (equivalent to approximately HK\$29.9 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) within three Business Days after the Company having obtained the Shareholders' approval at the EGM and having received the Cash Consideration; and
- (3) as to RMB70,000,000 (equivalent to approximately HK\$81.2 million) (being the balance of the Consideration) to be satisfied by way of delivery of the Promissory Note by the Purchaser to the Company or its nominated subsidiary (details of which are set out in the paragraph headed "The Promissory Note" below) within three Business Days after the Company having obtained the Shareholders' approval at the EGM and having received the Cash Consideration.

The Consideration has been arrived at after arm's length negotiations between the Company and the Purchaser after taking into account, among other things, (i) the historical financial performance and conditions of the Target Group in which it has been loss making for the two years ended 31 December 2014 and 2015 and the six months ended 30 June 2016 as set out in paragraph headed "Information on the Target Group" below; (ii) the future prospects of the Target Group in which the Board does not expect its business to turnaround in the near future having considered the recent slowdown of the PRC's economic growth and sluggish energy prices resulting the operating environment of the gas industry in the PRC would remain difficult; (iii) the balance of the Debt of approximately RMB25.8 million as at the date of the Share Transfer Agreement; and (iv) the combined net asset value based on the unaudited management accounts of the Target Group as at 30 June 2016 of approximately HK\$127.8 million. As at the Latest Practicable Date, the Cash Consideration has been settled. The Consideration of approximately RMB175.8 million (equivalent to approximately HK\$203.9 million) represents a premium of approximately 59.5% over the combined net asset value of the Target Group of approximately HK\$127.8 million (based on the unaudited combined management accounts as at 30 June 2016).

LETTER FROM THE BOARD

In light of the foregoing, in particular, (i) the combined loss making results of the Target Group in the recent financial years/periods; (ii) the operating environment of the gas market in the PRC would remain difficult and the Directors do not foresee the business of the Target Group could turnaround in near future; and (iii) the Consideration represents a premium over the combined net asset value of the Target Group as at 30 June 2016, 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.

The novation deed

As at the date of the Share Transfer Agreement, the Debt owned by the Group (excluding the Target Group) to the Target Group amounted to RMB25,818,678.25 (equivalent to approximately HK\$29.9 million). Pursuant to the Share Transfer Agreement, as part of the settlement of the Consideration, the Purchaser shall deliver a novation deed (the “**Novation Deed**”) to the Company within three Business Days after the Company having obtained the Shareholders’ approval at the EGM and having received the Cash Consideration. Pursuant to the Novation Deed, the Purchaser agreed to assume the obligations to repay the Debt in replacement of the Group such that the Purchaser shall become the legal debtor to the Debt. Any difference between the amount of the Debt as at the date of the Share Transfer Agreement and the Completion Date shall be settled by the relevant company(ies) on the Completion Date. The Group shall be released from all obligations and liabilities in respect of the Debt upon Completion.

As at the Latest Practicable Date, the Debt remained unchanged at RMB25,818,678.25.

Conditions precedent

Completion shall be conditional upon fulfillment of the following conditions:

- (1) the Company having obtained the Shareholders’ approval at the EGM in respect of the Share Transfer Agreement and the transactions contemplated thereunder in accordance with the Listing Rules;
- (2) the Purchaser having settled the Cash Consideration;
- (3) in respect of the transfers of (i) the Shandong Sinogas Sale Shares; and (ii) the Anhui Sinogas Sale Shares (collectively, the “**PRC Transfers**”), the relevant parties having executed the relevant share transfer agreements to be delivered to the competent authorities in the PRC for approval;
- (4) all necessary approvals and consents from the relevant governmental and regulatory authorities required for the transactions contemplated under the Share Transfer Agreement (including but not limited to those required for the transfer of the PRC Transfers) having been obtained in accordance with the applicable laws and regulations; and
- (5) the Shandong Sinogas Equity Pledge and Anhui Sinogas Equity Pledge having been duly executed and all applicable approval and/or registration procedures having been completed in accordance with the applicable laws.

LETTER FROM THE BOARD

If any of the conditions above are not fulfilled on or before the Long Stop Date, the Share Transfer Agreement shall automatically terminate, provided however that the surviving provisions shall continue in force following the termination of the Share Transfer Agreement without any liability to any party. The Company (or its nominated subsidiary) shall return the monies already received by the Company to the Purchaser with an interest payment calculated based on RMB or HK\$ (depending on the settlement currency to be agreed) saving rate as quoted by a licensed bank in Hong Kong within five Business Days from the date of the termination of the Share Transfer Agreement.

As at the Latest Practicable Date, condition precedent (2) has been fulfilled.

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.

Guarantee arrangement

Shenzhen Sinogas, a wholly-owned subsidiary of the Company, is currently providing the Corporate Guarantee up to a maximum of RMB18,378,500 (equivalent to approximately HK\$21.3 million) in favour of China Minsheng Banking Corp., Ltd. (Chengdu branch) (“**China Minsheng**”) in respect of a loan in the principal amount of RMB35,000,000 (equivalent to approximately HK\$40.6 million) granted by China Minsheng to Chengdu Sinogas (the “**Chengdu Sinogas Bank Loan**”). As at the date of the Share Transfer Agreement, the outstanding amount due by Chengdu Sinogas to China Minsheng amounted to approximately RMB18,378,500 (equivalent to approximately HK\$21.3 million). Pursuant to the Share Transfer Agreement, following the date of Share Transfer Agreement, the Company shall procure Shenzhen Sinogas to terminate the Corporate Guarantee with China Minsheng.

Upon fulfilment of condition (4) which is set out in the paragraph headed “Conditions precedent” above and China Minsheng having agreed to change the guarantor(s) to the Purchaser or its nominated company in respect of the Chengdu Sinogas Bank Loan, the Purchaser or its nominated company shall enter into a new agreement with China Minsheng such that the Purchaser or its nominated company shall provide guarantee in respect of the Chengdu Sinogas Bank Loan, and Shenzhen Sinogas shall be released from the Corporate Guarantee and discharged from all obligations under the relevant agreement.

In the event that China Minsheng fails to agree the change of the guarantor(s) to the Purchaser or its nominated company in respect of the Chengdu Sinogas Bank Loan prior to the Completion, the Purchaser shall or procure its nominated subsidiary to, settle the outstanding money owing under the Chengdu Sinogas Bank Loan so that the Corporate Guarantee shall be terminated and Shenzhen Sinogas shall be released and discharged from any obligations thereunder.

The Promissory Note

Pursuant to the Share Transfer Agreement, as part payment of the Consideration, the Purchaser will issue to the Company the Promissory Note in an aggregate principal amount of RMB70,000,000 (equivalent to approximately HK\$81.2 million) within three Business Days after the Company having obtained the Shareholders’ approval at the EGM and having received the Cash Consideration.

LETTER FROM THE BOARD

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

Issuer:	the Purchaser
Principal amount:	RMB70,000,000 (equivalent to approximately HK\$81.2 million)
Maturity date:	the date which is the first anniversary of the date of issuance of the Promissory Note (the “ Maturity Date ”)
Security:	the payment obligations under the Promissory Note is secured by the charged assets under the Security Documents
Interest:	1.5% per annum, calculated on a daily basis and, as agreed between the issuer and holder of the Promissory Note, payable on the Maturity Date or early redemption date (whichever earlier)
Payment:	all payments under the Promissory Note by the issuer shall be made in RMB, or, as agreed between the issuer and the holder of the Promissory Note, such equivalent amount in HK\$ based on the middle exchange rate published by the People’s Bank of China for the previous Business Day of the payment
Redemption:	the issuer may redeem any part (in the multiples of RMB1,000,000) of the principal amount of the Promissory Note together with the interest accrued by giving prior notice of at least five Business Days to the holder of the Promissory Note

SECURITY

On or before the Completion Date, the Security Documents (including Shandong Sinogas Equity Pledge, Anhui Sinogas Equity Pledge and Winfield Share Charge) will be entered into by the Purchaser (or its nominated subsidiary) in favour of the Company (or its nominated subsidiary), pursuant to which (i) the Purchaser (or its nominated subsidiary) shall charge in favour of the Company by way of a first fixed charge of all the rights, title and interest in the Winfield Innovations Sale Shares; (ii) the Purchaser (or its nominated subsidiary) shall pledge all the equity interest in Shandong Sinogas following the completion of the transfer of Shandong Sinogas Sale Shares in favour of the Company (or its nominated subsidiary); and (iii) the Purchaser (or its nominated subsidiary) shall pledge all the equity interest in Anhui Sinogas following the completion of the transfer of Anhui Sinogas Sale Shares in favour of the Company (or its nominated subsidiary), to secure the payment and performance of all obligations and liabilities under the Transaction Documents.

LETTER FROM THE BOARD

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 refined oil merchandising including gasoline, diesel and kerosene; gas business (end-users); gas storage; wholesale oil crops; and asphalt products sales; petroleum products wholesale and fuel oil sales.

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 (i) the Company and its connected persons; (ii) Trade Zone Ventures Limited, the previous purchaser of the Sino Gas Sale Shares as disclosed in the Company's announcement dated 14 April 2015 (which was subsequently terminated on 28 May 2015); and (iii) Best Creation Group Holdings Limited, the purchaser and the assignee (as the case may be) of the Sino Gas Sale Shares and the China Full Sale Loan as disclosed in the Company's announcement dated 7 October 2016.

INFORMATION ON THE TARGET GROUP

The Target Group comprises Shandong Sinogas Group, Winfield Innovations Group and Anhui Sinogas Group. The underlying assets of each of the Shandong Sinogas Group, Winfield Innovations Group and Anhui Sinogas Group mainly comprise the compressed natural gas vehicle refueling stations located in the Shandong Province, Sichuan Province and Anhui Province of the PRC, respectively. As at the Latest Practicable Date, there are a total of 18 compressed natural gas vehicle refueling stations in operation which were operating by the Target Group in the PRC.

Shandong Sinogas Group

Shandong Sinogas is a company established in the PRC with limited liability. As at the date of the Share Transfer Agreement, it has registered capital of RMB40,000,000 (equivalent to approximately HK\$46.4 million). Shandong Sinogas is currently an indirect wholly-owned subsidiary of the Company and is owned as to 50% by Shenzhen Sinogas and as to 50% by Jetco Innovations, and is registered as a co-operative joint venture under the laws of the PRC. The principal business of Shandong Sinogas Group is the operation of compressed natural gas vehicle refueling stations in the Shandong Province of the PRC. As at the Latest Practicable Date, there are a total of 7 compressed natural gas vehicle refueling stations in operation which are operating by Shandong Sinogas Group in Shandong Province of the PRC. The total sales volume of Shandong Sinogas Group was approximately 15.0 million cubic metres for the year ended 31 December 2015.

Set out below is the summary of the unaudited financial information of Shandong Sinogas Group for each of the years ended 31 December 2014 and 2015 and the six months ended 30 June 2016 as extracted from its consolidated management accounts based on Hong Kong Financial Reporting Standards:

	For the year ended 31 December		For the six months ended 30 June
	2014	2015	2016
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	157,260	107,240	22,505
Net loss before taxation	6,568	9,401	21,947
Net loss after taxation	6,702	11,749	21,947

LETTER FROM THE BOARD

As at 30 June 2016, Shandong Sinogas Group had unaudited total assets and consolidated net asset value of approximately HK\$64.5 million and HK\$29.6 million, respectively.

Winfield Innovations Group

Winfield Innovations is incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of the Company. Winfield Innovations is principally engaged in investment holding and Winfield Innovations Group is principally engaged in the operation of compressed natural gas vehicle refueling stations in the Sichuan Province of the PRC. As at the Latest Practicable Date, there are a total of 6 compressed natural gas vehicle refueling stations in operation which are operating by Winfield Innovations Group in Sichuan Province of the PRC. The total sales volume of Winfield Innovations Group was approximately 28.1 million cubic metres for the year ended 31 December 2015.

Set out below is the summary of the unaudited financial information of Winfield Innovations Group for each of the years ended 31 December 2014 and 2015 and the six months ended 30 June 2016 as extracted from its consolidated management accounts based on Hong Kong Financial Reporting Standards:

	For the year ended 31 December		For the six months ended 30 June
	2014	2015	2016
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	85,768	61,875	21,337
Net profit/(loss) before taxation	(14,600)	2,893	(6,419)
Net profit/(loss) after taxation	(14,661)	1,933	(6,478)

As at 30 June 2016, Winfield Innovations Group had unaudited total assets and consolidated net asset value of approximately HK\$91.3 million and HK\$71.0 million, respectively.

Anhui Sinogas Group

Anhui Sinogas is incorporated in the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company. The principal business of Anhui Sinogas Group is the operation of compressed natural gas vehicle refueling stations in the Anhui Province of the PRC. As at the Latest Practicable Date, there are a total of 5 compressed natural gas vehicle refueling stations in operation which are operating by Anhui Sinogas Group in Anhui Province of the PRC. The total sales volume of Anhui Sinogas Group was approximately 24.9 million cubic metres for the year ended 31 December 2015.

LETTER FROM THE BOARD

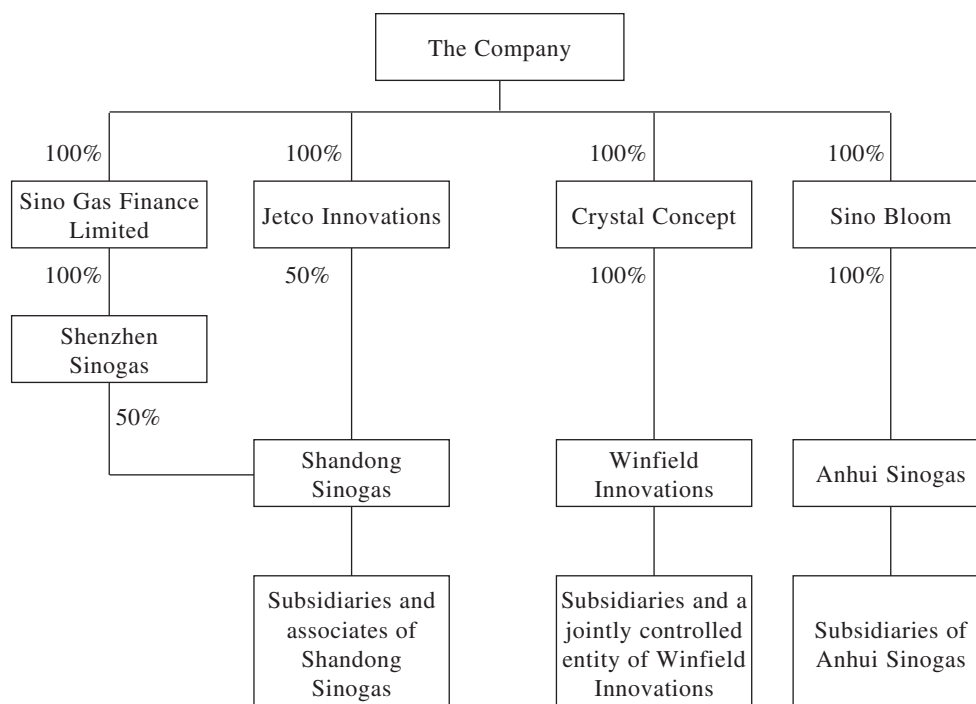
Set out below is the summary of the unaudited financial information of Anhui Sinogas Group for each of the years ended 31 December 2014 and 2015 and the six months ended 30 June 2016 as extracted from its management accounts based on Hong Kong Financial Reporting Standards:

	For the year ended 31 December		For the six months ended 30 June
	2014	2015	2016
	<i>(unaudited)</i> HK\$'000	<i>(unaudited)</i> HK\$'000	<i>(unaudited)</i> HK\$'000
Turnover	122,247	110,200	30,082
Net profit/(loss) before taxation	(6,622)	3,825	704
Net profit/(loss) after taxation	(6,742)	3,825	704

As at 30 June 2016, Anhui Sinogas Group had unaudited total assets and consolidated net asset value of approximately HK\$59.3 million and HK\$27.2 million, respectively.

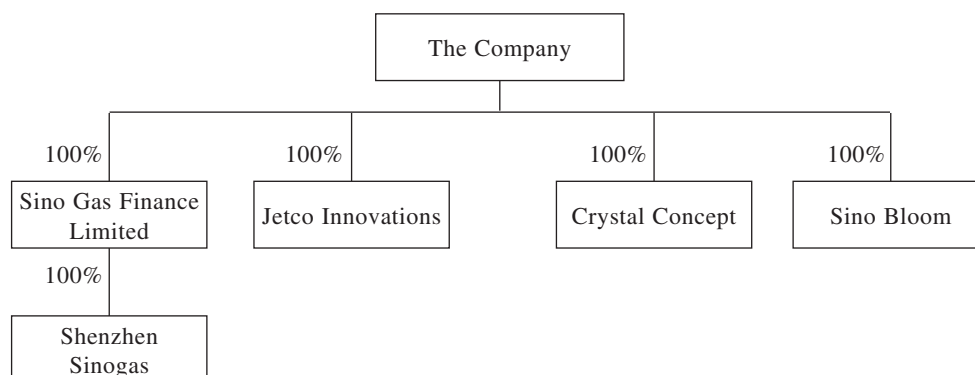
GROUP STRUCTURE

Set out below is the extracts of the Group's structure as at the Latest Practicable Date:



LETTER FROM THE BOARD

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



FINANCIAL EFFECTS OF THE DISPOSAL

Upon Completion, the Company will cease to have any interests in each member of the Target Group. As such, each of Shandong Sinogas, Winfield Innovations and Anhui Sinogas and their respective subsidiaries shall cease to be subsidiaries of the Company and accordingly, their respective financial results and conditions will also be deconsolidated from the consolidated accounts of the Company.

The Company expects that the Group will realise an estimated gain of approximately HK\$72.2 million on the Disposal. The estimated gain on the Disposal is calculated by comparing the estimated net proceeds (after deduction of professional fees and other relevant expenses) of the Disposal of approximately RMB148.7 million (equivalent to approximately HK\$172.5 million) against (i) the combined net asset value of the Target Group in aggregate of approximately HK\$127.8 million as at 30 June 2016; (ii) the transfer of the Debt from the Group to the Purchaser; and (iii) the derecognition of goodwill of the Target Group of approximately HK\$16.3 million and adding back the non-controlling interests of the Target Group of approximately HK\$13.9 million assuming the Disposal took place on 30 June 2016.

As the Target Group has been loss making for the year ended 31 December 2015 and the six months ended 30 June 2016 and the Board does not expect its business to turnaround in the near future, notwithstanding that the turnover of the Group will decrease upon Completion, it is expected that the Group's earnings will improve as a result of the Disposal. The Disposal will also result in a decrease in total assets and total liabilities of the Group by approximately HK\$215.1 million and HK\$87.3 million respectively, whereas the net asset value of the Group is expected to increase by approximately HK\$72.2 million upon Completion.

After taking into account the combined effect of the Disposal together with the Sino Gas Disposal (details of which please refer to the Company's announcement dated 7 October 2016), it is expected that the Group's earning will be improved and that the total assets and total liabilities of the Group will be decreased by approximately HK\$266.6 million and HK\$87.3 million respectively, whereas the net asset value of the Group is expected to increase by approximately HK\$97.2 million 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 each members of the Target Group on the Completion Date and the review by the auditors of the Company upon finalisation of the consolidated financial statements of the Group.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in the operation of compressed natural gas and liquefied petroleum gas vehicle refueling stations, management and operation of LED energy management contracts, provision of finance lease and loan financing services and properties investment, and class 1 land development in the PRC.

Shandong Sinogas Group, Winfield Innovations Group and Anhui Sinogas Group are principally engaged in the operation of compressed natural gas vehicle refueling stations in the Shandong Province, Sichuan Province and Anhui Province of the PRC. Having considered (i) the intensified competition in the gas market in the Shandong Province, Sichuan Province and Anhui Province and the recent slowdown of the PRC's economic growth and sluggish energy prices resulting the operating environment of the gas market in the PRC would remain difficult; (ii) the combined loss making results of the Target Group which recorded net loss after taxation of approximately RMB28.1 million, RMB6.0 million and RMB27.7 million for each of the two years ended 31 December 2014 and 2015 and the six months ended 30 June 2016, respectively; (iii) the Consideration represents a premium of approximately 59.5% over the combined net asset value of the Target Group of approximately HK\$127.8 million as at 30 June 2016; and (iv) the Disposal and the Sino Gas Disposal would provide the Group with an immediate cash inflow and enable the Group to crystallise its investment gains in the gas business segment, the Directors are of the view that the Disposal together with the Sino Gas Disposal are good opportunities 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 and repayment of debts when they fall due. As at the Latest Practicable Date, the Company has yet to identify any suitable investment opportunities. The Company intends to apply the net proceeds (after deduction of professional fees and other related expenses) from the Disposal of approximately RMB148.7 million (equivalent to approximately HK\$172.5 million) for general working capital of the Group, as well as preservation for the repayment of the instalment of HK\$116.0 million for the mortgage loan payable semi-annually in respect of the Group's investment properties located in Shanghai, the PRC when it falls due, and repayment of other debts (including but not limited to the repayment obligation for the redemption of the convertible notes which is due on 6 March 2018 in the principal amount of approximately HK\$51.8 million issued by the Company to Billirich Investment Limited) when they fall due after settlement of the Promissory Note.

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 25% but is below 75%, the Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the requirements of reporting, announcement and the Shareholders' approval, by way of poll, at the EGM under the Listing Rules.

LETTER FROM THE BOARD

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder has a material interest in the Disposal and thus, no Shareholder is required to abstain from voting at the EGM in respect of the Share Transfer Agreement and the transactions contemplated thereunder.

EGM

A notice of convening the EGM to be held at Unit 1804A, 18/F, Tower 1, Admiralty Centre, No. 18 Harcourt Road, Admiralty, Hong Kong, on Thursday, 22 December 2016 at 11:00 a.m. is set out on pages EGM-1 to EGM-2 in this circular. Ordinary resolution(s) will be proposed at the EGM for the purpose of considering and, if thought fit, approving the Share Transfer Agreement and the transactions contemplated thereunder. The voting on ordinary resolution(s) to be proposed at the EGM will be taken by way of poll and an announcement will be made by the Company after the EGM on the result of the EGM with respect to whether or not the proposed ordinary resolution(s) have been passed by the Shareholders.

A form of proxy for use by the Shareholders at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and deposit the same to the share registrar of the Company, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the terms of the Share Transfer Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Hence, the Directors (including the independent non-executive Directors) recommend the Shareholders to vote in favour of the resolution to approve the Share Transfer Agreement and the Disposal at the EGM.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully
For and on behalf of the Board of
AVIC Joy Holdings (HK) Limited
Wang Xiaowei
Chief Executive Officer and Executive Director

1. SUMMARY OF THE FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for the six months ended 30 June 2016 and each of the three years ended 31 December 2015 have been published in the interim report and annual reports of the Company per below:

- (i) the financial information of the Group for the six months ended 30 June 2016 is disclosed in the interim report of the Company for the six months ended 30 June 2016 published on 14 September 2016, from pages 13 to 46;
- (ii) the financial information of the Group for the year ended 31 December 2015 is disclosed in the annual report of the Company for the year ended 31 December 2015 published on 28 April 2016, from pages 51 to 190;
- (iii) the financial information of the Group for the year ended 31 December 2014 is disclosed in the annual report of the Company for the year ended 31 December 2014 published on 29 April 2015, from pages 47 to 209; and
- (iv) the financial information of the Group for the year ended 31 December 2013 is disclosed in the annual report of the Company for the year ended 31 December 2013 published on 29 April 2014, from pages 43 to 169.

All of which have been published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.avicjoyhk.com).

2. STATEMENT OF INDEBTEDNESS

At the close of business on 30 September 2016, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the total indebtedness of the Group amounted to approximately HK\$2,411.4 million which comprised bank loans of approximately HK\$1,816.2 million, unsecured other loans of approximately HK\$117.1 million and unsecured loans from related companies of approximately HK\$478.1 million. The Group's bank facilities were secured by (i) pledges of the Group's properties, plant and machinery and finance lease receivables; and (ii) corporate guarantee from the Company.

Save as aforesaid and apart from intra-group liabilities, as at the close of business on 30 September 2016, the Group did not have any other outstanding mortgages, charges, debentures, loan capital, bank loans or overdrafts, debt securities or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances or acceptance creditors, guarantees, or other material contingent liabilities.

3. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, save as disclosed in the interim report of the Company for the six months ended 30 June 2016, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2015, being the date to which the latest published audited financial statements of the Group were made up.

4. WORKING CAPITAL

After taking into account the financial resources and banking facilities available to the Group and its internally generated funds, the Directors are of the opinion that the Group has sufficient working capital for its present requirement for at least the next twelve months from the date of publication of this circular.

5. FINANCIAL AND TRADING PROSPECTS

The Group is principally engaged in the operation of compressed natural gas and liquefied petroleum gas vehicle refueling stations, management and operation of LED energy management contracts, provision of finance lease and loan financing services and properties investment, and class 1 land development in the PRC.

Shandong Sinogas Group, Winfield Innovations Group and Anhui Sinogas Group are principally engaged in the operation of compressed natural gas vehicle refueling stations in the Shandong Province, Sichuan Province and Anhui Province of the PRC.

As disclosed in the announcement of the Company dated 7 October 2016 in respect of the Sino Gas Disposal, the Company proposed to dispose the remaining 40% interests in Sino Gas BVI to Best Creation Group Holdings Limited, an independent third party. The Sino Gas Disposal was completed on 11 October 2016.

Upon Completion, the Group will continue to principally engage in the provision of finance lease and loan services, properties investments, class 1 land development services and trading of construction material and also the remaining gas business in the PRC.

Set out below is the financial information of each business segment of the Group for the year ended 31 December 2015 assuming the Completion and Sino Gas Completion took place on 1 January 2015:

	PPP Class 1 land development business and trading of construction materials segment	Finance leasing and properties investment segment	Remaining gas business segment	LED segment (Note)
For the year ended 31 December 2015 (in HK\$'000)				
Turnover	97,540	18,198	134,295	132,570
Segment profit/(loss)	(10,392)	(10,948)	1,676	32,054

Note: The LED segment has become a joint venture of the Group and hence its financial results and financial positions were deconsolidated from the consolidated financial statements of the Group following completion of the deemed disposal of 55% interest in the LED segment in December 2015. Details of which please refer to the announcement of the Company dated 2 December 2015.

Set out below is the financial position of each business segment of the Group as at 30 June 2016 assuming the Completion and Sino Gas Completion took place on 1 January 2016:

	PPP Class 1 land development business and trading of construction materials segment	Finance leasing and properties investment segment	Remaining gas business segment	LED segment (Note)
As at 30 June 2016 (in HK\$'000)				
Total segment assets	1,475,935	2,327,006	114,952	26,553

Note: The LED segment has become a joint venture of the Group and hence its financial results and financial positions were deconsolidated from the consolidated financial statements of the Group following completion of the deemed disposal of 55% interest in the LED segment in December 2015. Details of which please refer to the announcement of the Company dated 2 December 2015.

Remaining gas business

The remaining gas business of the Group will mainly comprise a total of 3 the compressed natural gas vehicle refueling stations in operation in the Jiangsu Province of the PRC. For the two years ended 31 December 2014 and 2015, the revenue and segment profit of the remaining gas business segment was approximately HK\$147.4 million and HK\$134.3 million, and approximately HK\$5.0 million and HK\$1.7 million, respectively. The total revenue of the remaining gas business was approximately HK\$45.6 million for the six months ended 30 June 2016 with segment profit of approximately HK\$3.7 million. As at the Latest Practicable Date, there is no material adverse change to the operation of the remaining gas business of the Group. Resulting from the slowdown of the PRC's economic growth and sluggish energy prices, the performance of remaining gas business deteriorated as expected. Notwithstanding the above, the Group will continue to seek for ways to improve the performance of the remaining gas business. The Company will continue to operate the remaining gas business in the PRC, however, the Company currently has no expansion plan in this business segment within the next twelve months and the Board will not rule out the possibility that the Company may dispose the remaining gas business of the Group when suitable opportunities arise in the future.

PPP class 1 land development business and trading of construction materials

The land development business in Fuqing City, Fujian Province of the PRC comprise class 1 land development of New Central Coastal City (中部濱海新城) (the "**Project Land**") and the construction of Ronggang Boulevard (融港大道). The Project Land is located within the vicinity of Fuqing City Central Baigeshanken District (福清市中部白鶴山墾區) of approximately 7,300 mu, with an aggregate developable commercial and residential land of approximately 3,990 mu, of which approximately 500 mu parcel of land (the "**Developed Land**") has been developed and ready for auction as at the Latest Practicable Date. The Company targeted to enter into land auctioning procedures in late December 2016 or in 2017.

The construction of Ronggang Boulevard, namely, a freeway that connects the New Central Coastal City to Fuqinglongjiang South Road (福清龍江南路). The scope of road construction includes a tunnel of the length of approximately 5.1 km. The construction work has been commenced as planned. During the year ended 31 December 2015, the Group's PPP class 1 land development business and trading of construction materials segment recorded a total revenue of approximately HK\$97.5 million which was mainly attributed to sales of construction materials. During the six months ended 30 June 2016, the business segment generated revenue from trading of construction materials of approximately HK\$12.8 million to the Group, representing a decrease of approximately HK\$22.7 million or 63.9% as compared to the six months ended 30 June 2015 of approximately HK\$35.5 million. As at the Latest Practicable Date, there is no material adverse change to the operation of this business segment and the Company currently has no expansion plan in this business segment within the next twelve months but may reallocate resources from time to time subject to ordinary operating requirement.

According to the 13th Five-Year Plan on National Economic and Social Development of Fuqing City, Fuqing is to be developed into a new city which integrates, inter alia, high-tech companies, cultural and tourism industries, corporate headquarters. The Group will position itself to capitalise on the business opportunities arising from the development plan of the local government to maximise the return for class 1 land development services.

Finance leasing business and properties investment

The Group's finance leasing and properties investment segment recorded a total revenue of approximately HK\$18.2 million during the year ended 31 December 2015, representing an increase of approximately HK\$5.6 million or 44.4% as compared to the year ended 31 December 2014. Such increase was mainly due to the Group's finance leasing subsidiary Guangdong Zi Yu Tai Financing Leasing Company Limited has entered into new finance leasing contracts primarily for the provision of finance assistance to the LED projects. The segment loss increased to HK\$10.9 million during the year ended 31 December 2015, mainly due to the increase in administration expenses incurred for properties investment.

For the six months ended 30 June 2016, the revenue of finance leasing business amounted to approximately HK\$6.6 million, representing a decrease of approximately HK\$2.0 million or 23.3% as compared to the six months ended 30 June 2015 of approximately HK\$8.6 million. The decrease in revenue was due to the fact that the interest income proportion was reducing as the existing finance leasing contracts are close to maturity, and also fewer projects were being taken up during the period due to intense market competition and tightened credit policy. As at the Latest Practicable Date, there is no material adverse change to the operation of this business segment and the Company currently has no expansion plan in the finance leasing business within the next twelve months but may reallocate resources from time to time subject to ordinary operating requirement.

In the first half of 2016, the Government of Guangdong Province issued "Opinions on Accelerating the Development of Financial Leasing Industry" (關於加快融資租賃業發展的實施意見) to encourage the future development of finance leasing industry. The industry guidance and national policies in favor of finance leasing industry in Guangzhou Province is expected to support the growth of the finance leasing business. The Group will continue to solicit new finance leasing opportunities in various industrial segments including medical equipment segment with a view to broaden the revenue stream and customer base.

On 6 January 2015, the Company entered into a sale and purchase agreement (as amended and supplemented by supplemental agreements dated 10 February 2015, 14 April 2015 and 13 May 2015) to purchase a property (the “**Property**”) located at the north bund of Huangpu River opposite of Lujiazui financial and trade zone, Shanghai, the PRC and completed in August 2015. The Property comprises a building with office and retail units and parking spaces which together has an aggregate gross floor area of 16,352.29 square metres. As at the Latest Practicable Date, the Property was vacant and has not been used or leased by the Company or any other parties. The Group is still in the process in formulating plans, including but not limited to lease out the gross floor area of the property and/or realise the property at an enhanced capital value, taking into account the market conditions to maximise its overall business value for the Group. Save for the repayment of the mortgage loan in relation to the Property when it falls due and resources allocation subject to ordinary operating requirement, the Company currently has no further investment plan in the properties investment segment within the next twelve months.

LED business

The Group’s LED business recorded a total revenue of approximately HK\$132.6 million during the year ended 31 December 2015, representing a decrease of approximately HK\$64.9 million or 32.9% as compared to the year ended 31 December 2014. Such decrease was mainly due to the number of completed installation during the year 2015 was less than that in 2014. The segment profit of the LED business segment was approximately HK\$32.1 million for the year ended 31 December 2015 against a segment loss of approximately HK\$14.2 million for the year ended 31 December 2014, mainly due to substantial amount of initial setup and up-front cost had been recognised in the previous years. The LED segment has subsequently become a joint venture following the completion of deemed disposal of 55% interests in December 2015.

Overall, the business environment continues to be difficult, amid the economic slowdown in PRC. The Group will continue to search for suitable investment opportunities and look for more effective ways to deploy its resources.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' and Chief Executive's Interests and Short Positions

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of SFO), or as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in the Listing Rules were as follows:

(i) Long positions in the Shares

Name of Director	Capacity in which interests are held	Number of Shares held	Approximate percentage of the Company's share capital (Note#)
Zhu Dong*	Interests of spouse	1,740,000	0.03%

* Mrs. Zhu, the spouse of Mr. Zhu Dong, is the beneficial owner of those Shares, and so Mr. Zhu is deemed to be interest in 1,740,000 Shares under the SFO.

Number of total issued Shares as at the Latest Practicable Date is 5,943,745,741 Shares.

- (ii) *Long positions in the underlying shares of the Company attached to the share options granted by the Company*

Name of Director	Date of grant of share options	Exercise period of share options	Exercise price of share options per Share <i>HK\$</i>	Number of share options beneficially owned
Wang Xiaowei	13 June 2012	13 June 2013 to 12 June 2022	0.236	4,490,000
	13 June 2012	13 June 2014 to 12 June 2022	0.236	4,490,000
				8,980,000

As at the Latest Practicable Date, save as disclosed above, none of the Directors and the chief executive of the Company had registered an interest or a short position in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of SFO), or, as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Substantial Shareholders' Interest

As at the Latest Practicable Date, so far as is known to any Directors or the chief executive of the Company, the following persons (other than the Directors or the chief executive of the Company) had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register kept by the Company pursuant to section 336 of the SFO which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who were directly or indirectly, interested in 10% or more of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name	Long/Short position	Capacity and nature of interest	Number of issued Shares held	Percentage of the Company's share capital	Number of convertible shares (issuable under the convertible bonds) held ⁽⁴⁾	Percentage of the Company's share capital if the convertible shares were exercised
Billirich Investment Limited ("Billirich") ⁽¹⁾	Long	Beneficial Owner	1,031,595,000	17.36%	225,112,486	3.79%
AVIC International Holding (HK) Limited ("AVIC Int'l") ⁽¹⁾	Long	Interest of a controlled corporation	1,031,595,000	17.36%	225,112,486	3.79%
Tacko International Limited ⁽¹⁾	Long	Interest of a controlled corporation	1,031,595,000	17.36%	225,112,486	3.79%
AVIC International (HK) Group Limited ⁽¹⁾	Long	Beneficial owner and interest of a controlled corporation	1,535,618,891	25.84%	225,112,486	3.79%
AVIC Joy Air Holdings Limited ⁽²⁾	Long	Beneficial owner	60,810,000	1.02%	–	–
AVIC Joy Air (HK) Holdings Limited ⁽²⁾	Long	Interest of a controlled corporation	60,810,000	1.02%	–	–
幸福航空控股有限公司 ⁽²⁾	Long	Interest of a controlled corporation	60,810,000	1.02%	–	–
AVIC International Holding Corporation ⁽¹⁾⁽²⁾	Long	Interest of a controlled corporation	1,596,428,891	26.86%	225,112,486	3.79%
Aviation Industry Corporation of China ("AVIC") ⁽¹⁾⁽²⁾	Long	Interest of a controlled corporation	1,596,428,891	26.86%	225,112,486	3.79%
Grand Win Overseas Ltd. ("Grand Win") ⁽³⁾	Long	Beneficial owner	313,965,000	5.28%	–	–
Sun Shining Investment Corp. ⁽³⁾	Long	Interest of a controlled corporation	313,965,000	5.28%	–	–
Tai Yuen Textile Company Ltd. ⁽³⁾	Long	Interest of a controlled corporation	313,965,000	5.28%	–	–

Notes:

- (1) Billirich is a wholly-owned subsidiary of AVIC Int'l. Tacko International Limited, together with its wholly-owned subsidiary, hold in aggregate approximately 34.34% of the issued share capital of AVIC Int'l. Tacko International Limited is a wholly-owned subsidiary of AVIC International (HK) Group Limited, which in turn is a wholly-owned subsidiary of AVIC International Holding Corporation which is a non-wholly-owned subsidiary of AVIC (62.52% interest controlled by AVIC). Accordingly, all these corporations are deemed to be interested in the shares and convertible shares held by Billirich.
- (2) AVIC Joy Air Holdings Limited is a wholly-owned subsidiary of AVIC Joy Air (HK) Holdings Limited, which in turn is a wholly-owned subsidiary of 幸福航空控股有限公司. 幸福航空控股有限公司 is owned as to approximately 57.14% by AVIC and approximately 42.86% by AVIC International Holding Corporation, which is a non-wholly-owned subsidiary of AVIC (62.52% interest controlled by AVIC). Accordingly, all these corporations are deemed to be interested in the shares held by AVIC Joy Air Holdings Limited.
- (3) Grand Win is a wholly-owned subsidiary of Sun Shining Investment Corp. Tai Yuen Textile Company Ltd. beneficially owns 82.85% equity interest in Sun Shining Investment Corp. and therefore, these corporations are deemed to be interested in the shares held by Grand Win.
- (4) Billirich is the holder of convertible notes due 2018 exercisable at a conversion price (adjusted) of HK\$0.23 per Share in the principal amount of HK\$51,775,872.

Save as disclosed above, as at the Latest Practicable Date, so far as known to any Director or the chief executive of the Company, no other person (other than the Directors or the chief executive of the Company) had an interest or short position in the Shares or underlying shares of the Company which were recorded in the register kept by the Company pursuant to section 336 of the SFO which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was directly or indirectly, interested in 10% or more of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

Save as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at the Latest Practicable Date.

3. DIRECTORS' COMPETING INTEREST

As at the Latest Practicable Date, as far as the Directors are aware, none of the Directors nor their respective close associates is and was interested in any business which competes or may compete, either directly or indirectly, with the business of the Group.

4. DIRECTORS' INTERESTS IN ASSETS

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors had any interest, either directly or indirectly, in any asset which has since 31 December 2015 (being the date to which the latest published audited consolidated financial statements of the Group were made up), up to the Latest Practicable Date, been acquired or disposed of by or leased to, any member of the Group or are proposed to be acquired or disposed of by, or leased to, any member of the Group.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which will not expire or is not determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

6. DIRECTORS' INTERESTS IN CONTRACT OR ARRANGEMENT OF SIGNIFICANCE

As at the latest Practicable Date, no Director had a material interest, either directly or indirectly, in any subsisting contract or arrangement of significance to the business of the Group to which the Company or any of its subsidiaries was a party.

7. LITIGATION

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

8. MATERIAL CONTRACTS

The following material contracts (not being contracts in the ordinary course of business) have been entered into by members of the Group within the two years preceding the date of this circular and up to the Latest Practicable Date and are or may be material:

- (i) the agreement dated 3 December 2014 (the "**Agreement**") entered into between the Company, Sino Gas BVI, Great Concept Investments Holdings Limited (偉念投資集團有限公司) ("**Great Concept**"), a direct wholly-owned subsidiary of the Company, which owned 50% equity interest of Sino Gas BVI, Sanlin Resources Limited (新聯資源有限公司) ("**Sanlin**") in relation to a proposed group restructuring which comprises (1) the transfer of equity interests of 4 subsidiaries of the Company and a joint venture of the Company, (2) the disposal of 10% of the issued share capital of Sino Gas BVI, and (3) the settlement of the debts for a total consideration of RMB198,725,678.28 (equivalent to approximately to HK\$230.5 million) as disclosed in the Company's announcement dated 4 December 2014 and the Company's circular dated 25 February 2015. The Agreement and the transactions contemplated therein have been approved by the Shareholders in the extraordinary general meeting of the Company on 13 March 2015;

- (ii) the supplemental agreement dated 5 December 2014 entered into among the parties to the sale and purchase agreement dated 20 October 2014 (“**Changchun SPA**”) in relating to the disposal of 100% equity interest of 長春中油潔能燃氣有限公司 (Changchun Sinogas Company Limited*) (“**Changchun Sinogas**”), the Company and Mr. Liu Yingwu (劉英武) (“**Mr. Liu**”), pursuant to which the parties to the Changchun SPA agreed to (i) terminate the disposal of 93% equity interest in Changchun Sinogas held by China Source Enterprises Limited (華資企業有限公司) (“**China Source**”) (while the disposal of the 7% equity interest in Changchun Sinogas held by Shenzhen Sinogas shall remain in full force pursuant to the Changchun SPA); and (ii) the Company conditionally agreed to sell and Mr. Liu conditionally agreed to acquire the entire issued share capital of China Source and the outstanding loan owed by China Source to the Company in the amount of RMB14.4 million for an aggregate consideration of RMB24,180,000 (equivalent to approximately HK\$28.0 million) as disclosed in the Company’s announcement dated 5 December 2014;
- (iii) the sale and purchase agreement dated 6 January 2015 (as supplemented and amended by three supplemental agreements dated 10 February 2015, 14 April 2015 and 13 May 2015) entered into between the Company as purchaser and 上海銀滙房地產發展有限公司 (Shanghai Yin Hui Real Estate Development Co., Ltd.*) (“**Shanghai Yin Hui**”) as the vendor, pursuant to which, the Company or its wholly-owned subsidiaries conditionally agreed to acquire, and Shanghai Yin Hui conditionally agreed to sell an office building located at Block B, Tower 17, International Shipping Service Center, No. 18 Gong Ping Road, Shanghai, the PRC (the “**Building**”) and 145 car parking spaces located on basement 1-3 of the Building for a total consideration of RMB1,566,032,890 (equivalent to approximately HK\$1,816.6 million) in cash (the “**Acquisition**”) as disclosed in the Company’s announcements dated 6 January 2015, 10 February 2015, 15 April 2015 and 13 May 2015 and the Company’s circular dated 26 February 2015. The Acquisition has been approved by the Shareholders in the extraordinary general meeting of the Company on 30 March 2015;
- (iv) a deed of amendment dated 20 January 2015 entered into between the Company as the issuer and Billirich as the noteholder, pursuant to which, the Company and Billirich conditionally agreed to extend the maturity date of the 2% coupon convertible note in principal amount of HK\$51,775,872 issued by the Company on 3 March 2012 to Billirich for three years, from 6 March 2015 to 6 March 2018 (the “**Extension**”). The Extension was disclosed in the Company’s announcement dated 20 January 2015 and the Company’s circular dated 9 February 2015. The Extension has been approved by Shareholders in the extraordinary general meeting of the Company on 3 March 2015;
- (v) the disposal agreement dated 14 April 2015 entered into among the Company, Great Concept, Trade Zone Ventures Limited (商域創投有限公司) (“**Trade Zone**”) and Sino Gas BVI, pursuant to which, Great Concept conditionally agreed to sell, and Trade Zone conditionally agreed to acquire, 40% of the total issued share capital of Sino Gas BVI, for a consideration of HK\$75,000,000 (the “**Sino Gas BVI Disposal**”) as disclosed in the Company’s announcement dated 14 April 2015. The Sino Gas BVI Disposal was terminated with effect from 28 May 2015 as disclosed in the Company’s announcement dated 28 May 2015;

- (vi) the placing and top-up subscription agreement dated 7 May 2015 entered into among Billirich as vendor, the Company and Huatai Financial Holdings (Hong Kong) Limited as the sole placing agent, pursuant to which (i) Billirich agreed to sell, and the sole placing agent agreed to act as the sole placing agent of Billirich to procure places on a best effort basis to purchase up to 876,000,000 Shares (the “**Placing Shares**”) beneficially owned by Billirich at the placing price of HK\$0.41 per Placing Share; and (ii) Billirich conditionally agreed to subscribe for up to 876,000,000 new Shares to be allotted and issued by the Company (the “**Subscription Shares**”) at the subscription price of HK\$0.41 per Subscription Share following the completion of the placing of the Placing Shares pursuant to such placing and top-up subscription agreement as disclosed in the Company’s announcements dated 7 May 2015 and 15 May 2015;
- (vii) the share subscription agreement dated 2 December 2015 entered into among Tongda Environmental Technology Limited (通達環保技術有限公司) (“**Tongda Environmental**”), a subsidiary of the Company, Jia Lian International Limited (嘉聯國際有限公司) (“**Jia Lian**”), a subsidiary of the Company, Merit Progress International Limited (“**Merit Progress**”) and Premium Talent Enterprises Limited (“**Premium Talent**”), pursuant to which, each of Merit Progress and Premium Talent agreed to subscribe for and Jia Lian agreed to allot and issue 300 shares and 250 shares of Jia Lian, representing 30% and 25% of the enlarged issued share capital of Jia Lian, at consideration of HK\$14,672,727 and HK\$12,227,273, respectively, as disclosed in the Company’s announcement dated 2 December 2015;
- (viii) the share transfer agreement dated 4 December 2015 entered into between Ontex Enterprises Limited (“**Ontex**”), an indirect non wholly-owned subsidiary of the Company, and Kingfun Investment Limited (“**Kingfun**”), pursuant to which, Ontex conditionally agreed to sell, and Kingfun conditionally agreed to purchase, 17.5% of the issued share capital of Spotwin Investment Limited (“**Spotwin**”), an indirect non wholly-owned subsidiary of the Company, and an amount of HK\$16,886,629, representing 17.5% of shareholders’ loan due from Spotwin to Ontex and Dingbo Investment Limited, an indirect non-wholly-owned subsidiary of the Company, for an aggregate consideration of HK\$170,627,660 as disclosed in the Company’s announcement dated 4 December 2015;
- (ix) the financing agreement dated 26 May 2016 (as supplemented and amended by a supplemental financing agreement dated 1 June 2016) entered into between 廣東資雨泰融資租賃有限公司 (Guangdong Zi Yu Tai Finance Leasing Company Limited*) (“**Guangdong Zi Yu Tai**”), an indirect wholly-owned subsidiary of the Company, as the lender, and Jia Lian, a joint venture of the Company, as the borrower, pursuant to which Guangdong Zi Yu Tai agreed to provide a revolving facility up to RMB40,000,000 (equivalent to approximately HK\$46.4 million) to Jia Lian and its subsidiaries for a term of up to five years at an interest rate from 9.0% to 10.0% per annum as disclosed in the Company’s announcements dated 26 May 2016 and 1 June 2016;

- (x) the share transfer agreement dated 7 October 2016 entered into among the Company, Great Concept, Best Creation Group Holdings Limited (創隆集團控股有限公司) (“**Best Creation**”) and Sino Gas BVI, pursuant to which, Great Concept conditionally agreed to sell, and Best Creation conditionally agreed to purchase, 40% of the entire issued share capital of Sino Gas BVI and a loan in amount of HK\$11,134,480 owed by China Full Company Limited (創意豐有限公司), a subsidiary of Sino Gas BVI, to the Company, for a total consideration of HK\$88,300,000 as disclosed in the Company’s announcement dated 7 October 2016;
- (xi) the Share Transfer Agreement as disclosed in the Company’s announcement dated 10 October 2016; and
- (xii) the placing agreement dated 3 November 2016 entered into between the Company as issuer and Brilliant Norton Securities Company Limited as placing agent, in relation to the placing of convertible notes in aggregate principal amount up to HK\$140,000,000 at conversion price of HK\$0.14 per conversion share of the Company to not less than six places on a best efforts basis under general mandate as disclosed in the Company’s announcement dated 3 November 2016.

9. MISCELLANEOUS

- (a) The company secretary of the Company is Ms. Cheung Hoi Fun, who is an associate member of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators.
- (b) The registered office and the principal place of business of the Company is at Room A02, 35/F, United Centre, 95 Queensway, Hong Kong.
- (c) The share registrar of the Company is Tricor Tengis Limited.
- (d) The English text of this circular shall prevail over its respective Chinese text for the purpose of interpretation.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the Company's principal place of business in Hong Kong at Room A02, 35/F, United Centre, 95 Queensway, Hong Kong during normal business hours on any weekdays, except public holidays, from the date of this circular up to and including the date of the EGM:

- (a) the articles of association of the Company;
- (b) the annual reports of the Company for each of the financial years ended 31 December 2014 and 31 December 2015 and the interim report of the Company for the six months ended 30 June 2016, respectively;
- (c) the material contracts referred to in the paragraph headed "Material contracts" in this appendix;
- (d) a copy of each circular of the Company issued pursuant to Chapter 14 and/or Chapter 14A of the Listing Rules since the latest published audited accounts of the Company; and
- (e) this circular.

NOTICE OF EGM



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the “EGM”) of AVIC Joy Holdings (HK) Limited (the “Company”) will be held at Unit 1804A, 18/F, Tower 1, Admiralty Centre, No. 18 Harcourt Road, Admiralty, Hong Kong on Thursday, 22 December 2016 at 11:00 a.m. for the purpose of considering and, if thought fit, passing (with or without modifications) the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT:**

- (a) the share transfer agreement dated 10 October 2016 (the “**Share Transfer Agreement**”) entered into between the Company as vendor and 廣州佳聯能源有限公司 (Guangzhou Jialian Energy Company Limited*) as purchaser, in relation to the disposal of entire equity interests in (i) 山東中油潔能天然氣有限公司 (Shandong Sinogas Company Limited*); (ii) Winfield Innovations Limited (永輝創建有限公司); and (iii) 安徽中油潔能燃氣有限公司 (Anhui Sinogas Company Limited*) (a copy of the Share Transfer Agreement marked “A” and signed by the chairman of the EGM for identification purpose having been produced to the EGM), and the transactions contemplated thereunder, be and are hereby approved, ratified and confirmed; and
- (b) any director of the Company be and is hereby authorised to do all such acts and things and execute and deliver all such documents whether under the common seal of the Company or otherwise as may be necessary, desirable or expedient to carry out or to give effect to any or all transactions contemplated under the Agreement.”

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

Hong Kong, 18 November 2016

NOTICE OF EGM

Registered office and principal place of business:

Room A02, 35/F, United Centre, 95 Queensway, Hong Kong.

Notes:

1. A member entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and, subject to the provisions of the articles of association of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the EGM to represent the member of the Company. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
2. In the case of joint holders of a share of the Company, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the share of the Company.
3. A form of proxy for use at the EGM is enclosed. In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority, with the Company at the share registrar of the Company, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the EGM or any adjournment thereof, should he so wish.
4. To ascertain the entitlements to attend and vote at the EGM, members must lodge the relevant transfer document(s) and share certificates with the share registrar of the Company no later than 4:30 p.m. on Wednesday, 21 December 2016 for registration.
5. Any vote of members (attending in person or by proxy) at the EGM shall be taken by poll.

As of the date of this notice, the board of Directors 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*