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AVIC Joy Holdings (HK) Limited

幸福控股(香港)有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 260)

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO THE SECOND DEED OF REPLACEMENT**

On 12 October 2018, Ontex, an indirect non wholly-owned subsidiary of the Company, entered into the Second Deed of Replacement with Kingfun, pursuant to which Kingfun issued the 2018 Promissory Note with a principal amount of HK\$89,000,000 to Ontex in replacement of the 2017 Promissory Note due on 15 June 2018.

As one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Second Deed of Replacement and the transactions contemplated thereunder is more than 5% but less than 25%, the Second Deed of Replacement and the transactions contemplated thereunder constitute a discloseable transaction for the Company and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, Kingfun, the issuer of the 2018 Promissory Note, owns 17.5% of the issued share capital of Spotwin, an indirect non wholly-owned subsidiary of the Company. Accordingly, Kingfun is a substantial shareholder of Spotwin and is a connected person of the Company at the subsidiary level under Rule 14A.06(9) of the Listing Rules. As (i) Kingfun is regarded as a connected person of the Company at the subsidiary level; (ii) the Second Deed of Replacement is on normal commercial terms; and (iii) the Board (including all the independent non-executive Directors) has approved the Second Deed of Replacement and confirmed the terms therein are fair and reasonable, and are on normal commercial terms and in the interests of the Company and the Shareholders as a whole, the Second Deed of Replacement and the transactions contemplated thereunder are subject to the reporting and announcement requirements, but are exempt from the circular, independent financial advice and independent Shareholders' approval requirements by virtue of Rule 14A.101 of the Listing Rules.

SECOND DEED OF REPLACEMENT

References are made to (i) the announcement of the Company dated 4 December 2015 in relation to, among other things, the disposal of 17.5% of the issued share capital of Spotwin, an indirect non wholly-owned subsidiary of the Company, to Kingfun and the issuance of promissory notes by Kingfun to satisfy part of the disposal consideration; and (ii) the announcement of the Company dated 10 July 2017 in relation to the First Deed of Replacement dated 10 July 2017 whereby Kingfun issued the 2017 Promissory Note to replace the 2016 Promissory Notes.

As at the date of this announcement, an aggregate principal amount of HK\$89,000,000 under the 2017 Promissory Note and accrued interest of HK\$1,913,500 remain outstanding. On 12 October 2018, Ontex and Kingfun entered into the Second Deed of Replacement whereby Kingfun issued the 2018 Promissory Note with the principal amount of HK\$89,000,000 to replace the 2017 Promissory Note. Save for the maturity date being extended from 15 June 2018 to 15 June 2019, the principal terms of the 2018 Promissory Note are identical to those of the 2017 Promissory Note. In addition, the parties agree that the accrued interest under the 2017 Promissory Note of HK\$1,913,500 shall be paid in full by Kingfun to Ontex on or before the maturity date of the 2018 Promissory Note.

The salient terms of the 2018 Promissory Note are as follows:

Issuer: Kingfun

As at the date of this announcement, Kingfun holds 17.5% of the issued share capital of Spotwin, an indirect non wholly-owned subsidiary of the Company. Accordingly, Kingfun is a substantial shareholder of Spotwin and is a connected person of the Company at the subsidiary level under Rule 14A.06(9) of the Listing Rules.

Principal amount: HK\$89,000,000

Maturity date: 15 June 2019

Interest: 2.15% per annum for the principal amount of the 2018 Promissory Note, calculated from 16 June 2018 on a daily basis and payable upon maturity date or early redemption date (whichever is the earlier)

- Payment:** All payments under the 2018 Promissory Note by Kingfun shall be made in HK\$, or such equivalent amount in RMB or other currency. If the payment is settled in RMB, it should be based on the middle exchange rate published by the People's Bank of China for the preceding business day prior to such payment.
- Redemption:** Kingfun may redeem in whole or any part of the principal amount of 2018 Promissory Note together with the interest accrued before maturity of the 2018 Promissory Note by giving prior notice of at least five business days to the holder of the 2018 Promissory Note.
- Security:** The liabilities and obligations due, owing or payable to Ontex by Kingfun under or pursuant to the 2018 Promissory Note and other transaction documents are secured by the share charge over the 17.5% of the issued share capital of Spotwin granted by Kingfun in favour of Ontex.

REASONS FOR AND BENEFITS OF THE SECOND DEED OF REPLACEMENT

The 2017 Promissory Note became due on 15 June 2018 and Ontex has been actively negotiating with Kingfun to find ways for the settlement of the same and subsequently Ontex and Kingfun agreed that the 2017 Promissory Note would be replaced by the 2018 Promissory Note. The terms of the Second Deed of Replacement were arrived at after arm's length negotiation between the parties.

Having considered that (i) save for the maturity date, the principal terms of the 2018 Promissory Note are identical to those of the 2017 Promissory Note; (ii) the 2018 Promissory Note would continue allowing the Group to generate stable interest income; and (iii) the 2018 Promissory Note continues to be secured by a first fixed charge of all the rights, title and interest in the 17.5% of the issued share capital of Spotwin, the Directors (including the independent non-executive Directors) considered that the terms of the 2018 Promissory Note are on normal commercial terms and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INFORMATION ON THE PARTIES

The Group is principally engaged in the operation of compressed natural gas refueling stations; management and operation of light-emitting diode energy management contracts; provision of finance lease and loan services and property investment; and provision of land development services and sale of construction materials in the PRC.

Ontex is an investment holding company. As at the date of this announcement, Ontex is an indirect non wholly-owned subsidiary of the Company.

Kingfun is an investment holding company. As at the date of this announcement, it holds 17.5% of the issued share capital of Spotwin.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Second Deed of Replacement and the transactions contemplated thereunder is more than 5% but less than 25%, the Second Deed of Replacement and the transactions contemplated thereunder constitute a discloseable transaction for the Company and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, Kingfun, the issuer of the 2018 Promissory Note, owns 17.5% of the issued share capital of Spotwin, an indirect non wholly-owned subsidiary of the Company. Accordingly, Kingfun is a substantial shareholder of Spotwin and is a connected person of the Company at the subsidiary level under Rule 14A.06(9) of the Listing Rules. As (i) Kingfun is regarded as a connected person of the Company at the subsidiary level; (ii) the Second Deed of Replacement is on normal commercial terms; and (iii) the Board (including all the independent non-executive Directors) has approved the Second Deed of Replacement and confirmed the terms therein are fair and reasonable, and are on normal commercial terms and in the interests of the Company and the Shareholders as a whole, the Second Deed of Replacement and the transactions contemplated thereunder are subject to the reporting and announcement requirements, but are exempt from the circular, independent financial advice and independent Shareholders' approval requirements by virtue of Rule 14A.101 of the Listing Rules.

DEFINITIONS

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

“2016 Promissory Notes” the 2.15% promissory notes in the aggregate outstanding principal amount of HK\$89,000,000 issued by Kingfun to Ontex due on 15 June 2017

“2017 Promissory Note” the 2.15% promissory note in the principal amount of HK\$89,000,000 issued by Kingfun to Ontex due on 15 June 2018

“2018 Promissory Note” the 2.15% promissory note in the principal amount of HK\$89,000,000 issued by Kingfun to Ontex due on 15 June 2019

“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Company”	AVIC Joy Holdings (HK) Limited, a company incorporated in Hong Kong with limited liability whose shares are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“First Deed of Replacement”	the deed of replacement entered into by Ontex and Kingfun on 10 July 2017 in relation to the replacement of the 2016 Promissory Notes with the 2017 Promissory Note
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Kingfun”	Kingfun Investment Limited, a company incorporated in the BVI with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Ontex”	Ontex Enterprises Limited, a company incorporated in the BVI with limited liability, and is an indirect non wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC

“Second Deed of Replacement”	the second deed of replacement entered into by Ontex and Kingfun on 12 October 2018 in relation to the replacement of the 2017 Promissory Note with the 2018 Promissory Note
“Share(s)”	ordinary share(s) in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Spotwin”	Spotwin Investment Limited, a company incorporated in the BVI with limited liability, and is an indirect non wholly-owned subsidiary of Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it in the Listing Rules
“%”	percent

By Order of the Board
AVIC Joy Holdings (HK) Limited
GUAN Liqun
Chairman, Executive Director and Chief Executive Officer

Hong Kong, 12 October 2018

As at the date of this announcement, the Board comprises Mr. GUAN Liqun (Chairman and Chief Executive Officer), Mr. ZHANG Zhibiao, Ms. WANG Ying, Mr. FU Fangxing, Ms. MU Yan and Ms. FU Xiao as executive Directors; and Mr. JIANG Ping, Ms. WU Rui and Mr. GUO Wei as independent non-executive Directors.