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AVIC Joy Holdings (HK) Limited

幸福控股(香港)有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 260)

**DISCLOSEABLE TRANSACTION
FINANCE LEASE ARRANGEMENT**

FINANCE LEASE ARRANGEMENT

The Company is pleased to announce that on 17 April 2019 (after trading hours), Guangdong Zi Yu Tai (as lessor) and Tianjin Jizhou Hospital (as lessee), entered into the Finance Lease Arrangement, pursuant to which (i) Guangdong Zi Yu Tai agreed to purchase the Equipment from Tianjin Jizhou Hospital, at the Consideration of RMB50,000,000 (equivalent to approximately HK\$58,500,000); and (ii) Guangdong Zi Yu Tai agreed to lease back the Equipment to Tianjin Jizhou Hospital for a term of 3 years, to be payable in 12 quarterly installments, at a total lease payment in the amount of approximately RMB57,959,675.52 (equivalent to approximately HK\$67,812,820.36).

LISTING RULES IMPLICATIONS

As the highest percentage ratio (as defined under the Listing Rules) in respect of the transaction contemplated under the Finance Lease Arrangement exceeds 5% but is less than 25%, the Finance Lease Arrangement constitutes a discloseable transaction of the Company and thus is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

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Details of the Finance Lease Arrangement are summarised as follows:

(i) Principal terms of the Transfer Agreement

The principal terms of the Transfer Agreement are set out below:

Date of agreement	17 April 2019
Parties to the agreement	Lessor and purchaser: Guangdong Zi Yu Tai; and Lessee: Tianjin Jizhou Hospital
Subject assets	The Equipment As of 31 December 2018, the value of the Equipment amounted to approximately RMB60,086,489 (equivalent to HK\$70,301,192)
Consideration payable by the lessor to the lessee	Guangdong Zi Yu Tai shall pay RMB50,000,000 (equivalent to approximately HK\$58,500,000) into the designated account of Tianjin Jizhou Hospital within 10 business days upon receiving the following documents and payment: a) a copy of the valued-added tax invoice of the Equipment issued by the relevant suppliers of the Equipment; b) all documents in relation to the Finance Lease Arrangement, including but not limited to the Transfer Agreement and the Finance Lease Agreement, which have been duly executed by Tianjin Jizhou Hospital;

- c) all payments to be made by Tianjin Jizhou Hospital to Guangdong Zi Yu Tai pursuant to the Finance Lease Agreement, including but not limited to the security deposit and the first installment of lease amount;
- d) documents evidencing that all necessary approvals for the use of the Equipment have been obtained and that registration procedure for the transfer of the Equipment has been completed;
- e) payment notice to Guangdong Zi Yu Tai for settling the Consideration for the transfer of the Equipment;
- f) the purchase agreements of the Equipment entered into between Tianjin Jizhou Hospital and the relevant suppliers; and
- g) certificate of the receipt of the Equipment duly signed by Tianjin Jizhou Hospital.

The Consideration will be satisfied by the internal resources of the Group.

Basis of the consideration

The Consideration is determined after arm's length negotiations with reference to the purchase price payable by Tianjin Jizhou Hospital to relevant suppliers for the Equipment.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, Tianjin Jizhou Hospital and its ultimate beneficial owner(s) are third parties independent to the Company and its connected persons (as defined under the Listing Rules).

(ii) Principal terms of the Finance Lease Agreement

The principal terms of the Finance Lease Agreement are set out below:

Date of agreement	17 April 2019
Parties to the Agreement	Lessor: Guangdong Zi Yu Tai; and Lessee: Tianjin Jizhou Hospital
Period of the lease term	3 years (commencing from the date of settlement of the Consideration by Guangdong Zi Yu Tai to Tianjin Jizhou Hospital under the Transfer Agreement)

Total lease amount payable by the lessee to the lessor	RMB57,959,675.52 (equivalent to approximately HK\$67,812,820.36) (being the sum of the lease cost of RMB50,000,000 (which is equivalent to the Consideration) and the aggregate interest of RMB7,959,675.52), to be payable in 12 quarterly installments.
Handling fee payable by the lessee to the lessor	RMB1,500,000 (equivalent to approximately HK\$1,755,000), which shall be fully settled by Tianjin Jizhou Hospital to Guangdong Zi Yu Tai within three days upon the signing of the Finance Lease Agreement.
Security deposit payable by the lessee to the lessor	RMB1,500,000 (equivalent to approximately HK\$1,755,000), which shall be fully settled by Tianjin Jizhou Hospital to Guangdong Zi Yu Tai within three days upon the signing of the Finance Lease Agreement.
	If Tianjin Jizhou Hospital does not breach any of its obligations under the Finance Lease Agreement throughout the lease term, the security deposit shall be used to settle the last installment of the lease payment.
Lease interest and adjustment	Approximately RMB7,959,675.52 (equivalent to approximately HK\$9,312,820.36), being the total lease cost \times the lease rate.
	The lease rate was determined with reference to the interest rate for the RMB mid-long term loans as promulgated by the People's Bank of China on 17 April 2019, which is subject to adjustment with reference to such benchmark interest from time to time.
Basis to determine the lease payment	The lease amount was agreed between Guangdong Zi Yu Tai and Tianjin Jizhou Hospital with reference to the consideration paid by Guangdong Zi Yu Tai in respect of the Equipment and the prevailing market interest rate of comparable equipment finance leases.

**Lessee's option to purchase
the Equipment**

The legal ownership of the Equipment will be rested in Guangdong Zi Yu Tai throughout the lease term. Upon the end of the lease term, provided that Tianjin Jizhou Hospital has fulfilled all of its obligations under the Finance Lease Agreement, Tianjin Jizhou Hospital has the option to purchase the Equipment at a consideration of RMB100 (equivalent to approximately HK\$117).

REASONS FOR AND BENEFIT OF THE FINANCE LEASE ARRANGEMENT

The entering into of the Finance Lease Arrangement is part of Guangdong Zi Yu Tai's ordinary and usual course of business which is expected to provide a stable revenue and cashflow to the Group.

The terms under the Finance Lease Arrangement have been agreed after arm's length negotiation among the relevant parties. The Directors consider that the terms of the Finance Lease Arrangement are on normal commercial terms, fair and reasonable and are in the interests of the Company and the shareholders of the Company as a whole.

INFORMATION OF THE PARTIES TO THE FINANCE LEASE ARRANGEMENT

(i) Information of the Group and Guangdong Zi Yu Tai

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

Guangdong Zi Yu Tai is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally engaged in the business of finance leasing.

(ii) Information of Tianjin Jizhou Hospital

Tianjin Jizhou Hospital, founded in 1949, is located in Jizhou District, Tianjin, the PRC. It is a public hospital accredited as equivalent to Grade III. Tianjin Jizhou Hospital provides comprehensive medical services including but not limited to medical education, scientific research, rehabilitation supports and preventive health care, with the integration of both Chinese and Western medicine skills.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, Tianjin Jizhou Hospital and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

LISTING RULES IMPLICATIONS

As the highest percentage ratio (as defined under the Listing Rules) in respect of the transaction contemplated under the Finance Lease Arrangement exceeds 5% but is less than 25%, the Finance Lease Arrangement constitutes a discloseable transaction of the Company and thus is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“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
“Consideration”	the consideration for purchasing the Equipment payable by Guangdong Zi Yu Tai to Tianjin Jizhou Hospital, which amounts to RMB50,000,000 (equivalent to approximately HK\$58,500,000)
“Director(s)”	the director(s) of the Company
“Equipment”	certain medical equipment and apparatus as stipulated under the Transfer Agreement and the Finance Lease Agreement
“Finance Lease Agreement”	the finance lease agreement dated 17 April 2019 entered into between Tianjin Jizhou Hospital and Guangdong Zi Yu Tai, as described in the section headed “Finance Lease Arrangement” in this announcement
“Finance Lease Arrangement”	the transactions contemplated under the Transfer Agreement and the Finance Lease Agreement
“Group”	the Company and its subsidiaries
“Guangdong Zi Yu Tai”	Guangdong Zi Yu Tai Finance Leasing Co. Ltd. (廣東資雨泰融資租賃有限公司), a company established in the PRC with limited liability, which is an indirect wholly-owned subsidiary of the Company

“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tianjin Jizhou Hospital”	The People’s Hospital of Jizhou District, Tianjin (天津市薊州區人民醫院), which is the lessee under the Transfer Agreement and the Finance Lease Agreement
“Transfer Agreement”	the transfer agreement entered into between Guangdong Zi Yu Tai and Tianjin Jizhou Hospital dated 17 April 2019, as described in the section headed “Finance Lease Arrangement” in this announcement

For the purpose of illustration only, amounts denominated in RMB in this announcement have been translated into HK\$ at the rate of RMB1 = HK\$1.17. Such translation should not be construed as a representation that the amounts quoted could have been or could be or will be converted at the stated rate or at any other rates or at all.

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

Hong Kong, 17 April 2019

As at the date of this announcement, the Board comprises Mr. GUAN Liqun (Chairman and Chief Executive Officer), Mr. ZHANG Zhibiao, Ms. WANG Ying, 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.