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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 27 November 2019 (after trading hours), Guangdong Zi Yu Tai (as purchaser and lessor), Runda Medical and Runda Rongjia (collectively, as suppliers and lessees) entered into the Finance Lease Arrangement, pursuant to which (i) Guangdong Zi Yu Tai agreed to purchase the Equipment from Runda Medical and Runda Rongjia, at the Consideration of RMB12,000,000 (equivalent to approximately HK\$13,320,000); and (ii) Guangdong Zi Yu Tai agreed to lease back the Equipment to Runda Medical and Runda Rongjia for a term of 1 year, at a total payment in the amount of approximately RMB12,958,500 (equivalent to approximately HK\$14,383,935).

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) The Purchase Agreement

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

Date	27 November 2019
Parties	Purchaser: Guangdong Zi Yu Tai; and Suppliers: Runda Medical and Runda Rongjia
Subject assets	The Equipment
Consideration payable by the lessor to the lessees	Guangdong Zi Yu Tai shall pay RMB12,000,000 (equivalent to approximately HK\$13,320,000) into the designated account of Runda Medical and Runda Rongjia upon satisfying the following conditions: a) Guangdong Zi Yu Tai has received the payment notice for settling the Consideration issued by Runda Medical and Runda Rong; b) a copy of the valued-added tax invoice of the Equipment has been issued by the relevant suppliers of the Equipment; c) Guangdong Zi Yu Tai has received the security deposit and management fee under the Finance Lease Agreement; d) the Purchase Agreement has become effective;

- e) Guangdong Zi Yu Tai has received the board resolutions/shareholders' resolutions approving the Finance Lease Arrangement issued by Runda Medical and Runda Rongjia and the approval documents from relevant external departments;
- f) the guarantee agreement(s) entered into by Guangdong Zi Yu Tai and the guarantor(s) (if any) and/or the guarantee letter(s) issued by the guarantor(s) or other form of guarantee documents have become effective, and Guangdong Zi Yu Tai has received the board resolutions/shareholders' resolutions approving the provision of guarantee issued by the guarantor(s) and the approval documents from relevant external departments;
- g) Guangdong Zi Yu Tai has received the certificate of the receipt of the Equipment duly signed by Runda Medical and Runda Rongjia; and
- h) Guangdong Zi Yu Tai has not received any negative information of Runda Medical and Runda Rongjia (either public or internal), which may affect their performance capacity under the Finance Lease Agreement.

The Consideration will be satisfied by bank loans.

Basis of the Consideration The Consideration is determined after arm's length negotiations with reference to the purchase price payable by Runda Medical and Runda Rongjia to relevant suppliers for the Equipment.

(ii) The Finance Lease Agreement

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

Date	27 November 2019
Parties	Lessor: Guangdong Zi Yu Tai; and Lessees: Runda Medical and Runda Rongjia
Period of the lease term	1 year (commencing from the date of settlement of the Consideration by Guangdong Zi Yu Tai to Runda Medical and Runda Rongjia under the Purchase Agreement).
Total amount payable by the lessees to the lessor	RMB12,958,500 (equivalent to approximately HK\$14,383,935) (being the sum of the lease cost of RMB12,000,000 (which is consistent with the Consideration), the aggregate interest of RMB598,500 and the management fee of RMB360,000). The total lease amount is payable in 3 installments. The first installment in the amount of RMB598,500 (equivalent to approximately HK\$664,335) shall be paid within two days upon the Consideration be paid by Guangdong Zi Yu Tai; the second installment in the amount of RMB3,000,000 (equivalent to approximately HK\$3,330,000) shall be paid upon half year of the Consideration be paid by Guangdong Zi Yu Tai; and the third installment in the amount of RMB9,000,000 (equivalent to approximately HK\$9,990,000) shall be paid upon one year of the Consideration be paid by Guangdong Zi Yu Tai.
Management fee payable by the lessees to the lessor	RMB360,000 (equivalent to approximately HK\$399,600), which shall be fully settled by Runda Medical and Runda Rongjia to Guangdong Zi Yu Tai within 5 working days before Guangdong Zi Yu Tai pays the Consideration.
Security deposit payable by the lessees to the lessor	RMB600,000 (equivalent to approximately HK\$666,000), which shall be fully settled by Runda Medical and Runda Rongjia to Guangdong Zi Yu Tai within 5 working days before Guangdong Zi Yu Tai pays the Consideration.

Lease interest	Approximately RMB598,500 (equivalent to approximately HK\$664,335), being the total lease cost × the lease interest rate. The lease interest rate was determined with reference to the interest rate for the RMB loans with a maturity of 1 year as promulgated by the People’s Bank of China on 27 November 2019.
Basis to determine the lease payment	The lease amount is agreed between Guangdong Zi Yu Tai and Runda Medical and Runda Rongjia with reference to the Consideration payable by Guangdong Zi Yu Tai in respect of the Equipment and the prevailing market interest rate of comparable equipment finance leases.
Lessees’ option to buy back 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 Runda Medical and Runda Rongjia have fulfilled all of the obligations under the Finance Lease Agreement, Runda Medical and Runda Rongjia have the option to buy back the Equipment at a consideration of RMB10,000 (equivalent to approximately HK\$11,100).

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 Company is a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock code: 260). As at the date of this announcement, the Group is principally involved in the operation of management and operation of light-emitting diode (“LED”) energy

management contracts (“EMC”), provision of finance lease and loan services and property investment, and provision of land development services in the PRC. The Group operates LED EMC business through its investment in a joint venture.

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, providing finance lease services to sizeable corporate clients in the PRC.

(ii) Information of Runda Medical

Runda Medical, founded in 1999, is located in Shanghai, the PRC. Runda Medical is an integrated service provider of medical examination listed on the main board of the Shanghai Stock Exchange. As a provider of integrated solutions for medical laboratories, Runda Medical has become one of the leading companies in both domestic and overseas in vitro diagnostic (“IVD”) products circulation and service industry.

(iii) Information of Runda Rongjia

Runda Rongjia, founded in 2014, is a wholly-owned subsidiary of Runda Medical. The main business of Runda Rongjia is to provide comprehensive services of IVD products and professional technical support to various medical laboratories through its own comprehensive service system.

According to public information, as at the date hereof, Runda Medical is controlled by the People’s Government of Xiacheng District, Hangzhou City, Zhejiang Province, the PRC. To the best of the Directors’ knowledge, information and belief after having made all reasonable enquiries, Runda Medical and Runda Rongjia and their 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 Runda Medical and Runda Rongjia, which amounted to RMB12,000,000 (equivalent to approximately HK\$13,320,000)
“Director(s)”	the director(s) of the Company
“Equipment”	certain medical equipment and apparatus as stipulated under the Purchase Agreement and the Finance Lease Agreement
“Finance Lease Agreement”	the finance lease agreement dated 27 November 2019 entered into among Guangdong Zi Yu Tai, Runda Medical and Runda Rongjia, as described in the sub-section headed “Finance Lease Arrangement — (ii) The Finance Lease Agreement” in this announcement
“Finance Lease Arrangement”	the transactions contemplated under the Purchase Agreement and the Finance Lease Agreement
“Group”	the Company and its subsidiaries
“Guangdong Zi Yu Tai”	Guangdong Zi Yu Tai Financial 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

“Purchase Agreement”	the purchase agreement dated 27 November 2019 entered into among Guangdong Zi Yu Ta, Runda Medical and Runda Rongjia, as described in the sub-section headed “Finance Lease Arrangement — (i) The Purchase Agreement” in this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Runda Medical”	Shanghai Runda Medical Technology Co., Ltd.* (上海潤達醫療科技股份有限公司), which is one of the suppliers and lessees under the Finance Lease Arrangement
“Runda Rongjia”	Shanghai Runda Rongjia Biological Technology Co., Ltd.* (上海潤達榕嘉生物科技有限公司), which is one of the suppliers and lessees under the Finance Lease Arrangement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

For the purpose of illustration only, amounts denominated in RMB in this announcement have been translated into HK\$ at the rate of RMB1.00 = HK\$1.11. 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 Liquan
Chairman, Executive Director and Chief Executive Officer

Hong Kong, 27 November 2019

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

* *For identification purposes only*