

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**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 29 November 2019 (after trading hours), Guangdong Zi Yu Tai (as purchaser and lessor), Zhongshan Shixing and Hubei Munianhua (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 Zhongshan Shixing and Hubei Munianhua, at the Consideration of RMB45,000,000 (equivalent to approximately HK\$49,950,000); and (ii) Guangdong Zi Yu Tai agreed to lease back the Equipment to Zhongshan Shixing and Hubei Munianhua for a term of 3 years, at a total lease payment in the amount of approximately RMB49,283,538.67 (equivalent to approximately HK\$54,704,727.92) to be payable in 36 monthly instalments.

**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.

## FINANCE LEASE ARRANGEMENT

The Company is pleased to announce that on 29 November 2019 (after trading hours), Guangdong Zi Yu Tai (as purchaser and lessor), Zhongshan Shixing and Hubei Munianhua (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 Zhongshan Shixing and Hubei Munianhua, at the Consideration of RMB45,000,000 (equivalent to approximately HK\$49,950,000); and (ii) Guangdong Zi Yu Tai agreed to lease back the Equipment to Zhongshan Shixing and Hubei Munianhua for a term of 3 years, at a total lease payment in the amount of approximately RMB49,283,538.67 (equivalent to approximately HK\$54,704,727.92) to be payable in 36 monthly instalments.

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:

<b>Date</b>	29 November 2019
<b>Parties</b>	Purchaser: Guangdong Zi Yu Tai; and Suppliers: Zhongshan Shixing and Hubei Munianhua
<b>Subject assets</b>	The Equipment
<b>Consideration payable by the lessor to the lessees</b>	Guangdong Zi Yu Tai shall pay RMB45,000,000 (equivalent to approximately HK\$49,950,000) into the designated account of Zhongshan Shixing and Hubei Munianhua upon satisfying the following conditions:  a) Guangdong Zi Yu Tai has received the payment notice for settling the Consideration issued by Zhongshan Shixing and Hubei Munianhua;  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 Zhongshan Shixing and Hubei Munianhua and the approval documents from relevant external departments;
- f) the Guarantee Agreement entered into by Guangdong Zi Yu Tai and Guangzhou Zhenzhong has become effective, and Guangdong Zi Yu Tai has received the board resolutions/shareholders' resolutions approving the provision of guarantee issued by Guangzhou Zhenzhong 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 Zhongshan Shixing and Hubei Munianhua; and
- h) Guangdong Zi Yu Tai has not received any negative information of Zhongshan Shixing and Hubei Munianhua (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 Zhongshan Shixing and Hubei Munianhua to relevant suppliers for the Equipment.

**(ii) The Finance Lease Agreement**

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

**Date** 29 November 2019

**Parties** Lessor: Guangdong Zi Yu Tai; and

Lessees: Zhongshan Shixing and Hubei Munianhua

**Period of the lease term** 3 years (commencing from the date of settlement of the Consideration by Guangdong Zi Yu Tai to Zhongshan Shixing and Hubei Munianhua under the Purchase Agreement).

<b>Total lease amount payable by the lessees to the lessor</b>	RMB49,283,538.67 (equivalent to approximately HK\$54,704,727.92) (being the sum of the lease cost of RMB45,000,000 (which is consistent with the Consideration) and the aggregate interest of RMB4,283,538.67), which is payable in 36 monthly instalments.
<b>Management fee payable by the lessees to the lessor</b>	RMB1,350,000 (equivalent to approximately HK\$1,498,500), which shall be fully settled by Zhongshan Shixing and Hubei Munianhua to Guangdong Zi Yu Tai within 5 working days before Guangdong Zi Yu Tai pays the Consideration.
<b>Security deposit payable by the lessees to the lessor</b>	RMB3,600,000 (equivalent to approximately HK\$3,996,000), which shall be fully settled by Zhongshan Shixing and Hubei Munianhua to Guangdong Zi Yu Tai within 5 working days before Guangdong Zi Yu Tai pays the Consideration.
<b>Lease interest and adjustment</b>	<p>Approximately RMB4,283,538.67 (equivalent to approximately HK\$4,754,727.92), being the total lease cost <math>\times</math> the lease interest rate.</p> <p>The lease interest 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 29 November 2019, which is subject to adjustment with reference to such benchmark interest from time to time.</p>
<b>Basis to determine the lease payment</b>	The lease amount is agreed between Guangdong Zi Yu Tai and Zhongshan Shixing and Hubei Munianhua 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.
<b>Lessees' option to buy back the Equipment</b>	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 Zhongshan Shixing and Hubei Munianhua have fulfilled all of the obligations under the Finance Lease Agreement, Zhongshan Shixing and Hubei Munianhua have the option to buy back the Equipment at a consideration of RMB10,000 (equivalent to approximately HK\$11,100).

### **(iii) The Guarantee Agreement**

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

<b>Date</b>	29 November 2019
<b>Parties</b>	Creditor: Guangdong Zi Yu Tai; and Guarantor: Guangzhou Zhenzhong
<b>Scope of guarantee</b>	Pursuant to the Guarantee Agreement, Guangzhou Zhenzhong agreed to provide a joint liability guarantee in favour of Guangdong Zi Yu Tai for all the debts of Zhongshan Shixing and Hubei Munianhua under the Finance Lease Agreement, including the principal, interests, penalty interest, liquidated damages, compensation, exchange rate losses, other fees payable by Zhongshan Shixing and Hubei Munianhua to Guangdong Zi Yu Tai under the Finance Lease Agreement, and all the fees incurred by Guangdong Zi Yu Tai for the recovery of the debts.

### **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 Zhongshan Shixing**

Zhongshan Shixing is a company established in the PRC which is principally engaged in the production, operation and sales of decorative ancillary products (wood finishes, cabinets, wardrobes, doors and shower grills) and interior decoration projects. According to public information, as at the date hereof, Zhongshan Shixing is 100% held by Chapel Dawn Limited, a limited liability company incorporated in Hong Kong and its ultimate beneficial owner is Agile Group Holdings Limited. Agile Group Holdings Limited is a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Main Board of the Stock Exchange (Stock code: 3383). Agile Group Holdings Limited and its subsidiaries are principally engaged in the development of large-scale mixed-use property projects, with extensive presence in the businesses of property management, environmental protection, construction, real estate construction management and commercial.

**(iii) Information of Hubei Munianhua**

Hubei Munianhua is a company established in the PRC which is principally engaged in production and sales of wood finishes, cabinets, wardrobes, doors, shower grills and stone, installation and technical development of various furniture, doors and windows, interior decoration projects, and curtain wall projects. According to public information, as at the date hereof, Hubei Munianhua is 100% held by Zhongshan Shixing.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, Hubei Munianhua, Zhongshan Shixing 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 Zhongshan Shixing and Hubei Munianhua, which amounted to RMB45,000,000 (equivalent to approximately HK\$49,950,000)
“Director(s)”	the director(s) of the Company
“Equipment”	Certain machinery and equipment for the operation of Zhongshan Shixing and Hubei Munianhua as stipulated under the Purchase Agreement and the Finance Lease Agreement
“Finance Lease Agreement”	the finance lease agreement dated 29 November 2019 entered into among Guangdong Zi Yu Tai, Zhongshan Shixing and Hubei Munianhua, 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, the Finance Lease Agreement and the Guarantee 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
“Guangzhou Zhenzhong”	Guangzhou Zhenzhong Construction Co., Ltd.* (廣州振中建設有限公司), a company established in the PRC with limited liability, which is the guarantor under the Guarantee Agreement

“Guarantee Agreement”	the guarantee agreement dated 29 November 2019 entered into between Guangdong Zi Yu Tai and Guangzhou Zhenzhong, as described in the sub-section headed “Finance Lease Arrangement — (iii) The Guarantee Agreement” in this announcement
“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
“Hubei Munianhua”	Hubei Munianhua Furniture Co., Ltd.* (湖北木年華家居有限公司), a company established in the PRC with limited liability, which is one of the suppliers and lessees under the Finance Lease Arrangement
“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 29 November 2019 entered into among Guangdong Zi Yu Tai, Zhongshan Shixing and Hubei Munianhua, 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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Zhongshan Shixing”	Zhongshan Shixing Decoration Co., Ltd.* (中山市時興裝飾有限公司), a company established in the PRC with limited liability, which is one of the suppliers and lessees under the Finance Lease Arrangement
“%”	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, 29 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*