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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**

On 21 March 2018, Guangdong Zi Yu Tai (as purchaser and lessor), Zhuhai Blue Ocean (as supplier) and the Hospital (as lessee) entered into the Original Finance Lease Arrangement under the Equipment Purchase Agreement and the Finance Lease Agreement (both as supplemented and amended by the 2018 Supplemental Agreement), pursuant to which (i) Guangdong Zi Yu Tai agreed to purchase the Original Equipment from Zhuhai Blue Ocean at the consideration of RMB6,697,500 (equivalent to approximately HK\$7,434,225); and (ii) Guangdong Zi Yu Tai agreed to lease the said Original Equipment to the Hospital for a term of 5 years, at a total lease payment in the amount of approximately RMB8,390,905.40 (equivalent to approximately HK\$9,313,904.99) to be payable in 20 quarterly instalments.

The Company announces that due to the failure in delivery of the Original Equipment by Zhuhai Blue Ocean while the first instalment of consideration at the amount of RMB5,669,600 has been paid by Guangdong Zi Yu Tai to Zhuhai Blue Ocean under the Original Finance Lease Arrangement, on 10 February 2020, Guangdong Zi Yu Tai (as purchaser and lessor), Zhuhai Blue Ocean (as supplier) and the Hospital (as lessee) entered into the Finance Lease Arrangement pursuant to the Supplemental Equipment Purchase Agreement and the Supplemental Finance Lease Agreement whereby (i) Guangdong Zi Yu Tai agreed to purchase the Equipment from Zhuhai Blue Ocean, at the Consideration of RMB11,000,000 (equivalent to approximately HK\$12,210,000); and (ii) Guangdong Zi Yu Tai agreed to lease and the said Equipment to the Hospital for a term of 78 months, at a total lease payment in the amount of approximately RMB14,572,433.56 (equivalent to approximately HK\$16,175,401.25) to be payable in 26 quarterly instalments.

## **LISTING RULES IMPLICATIONS**

At the time when the Original Finance Lease Arrangement was entered into, as none of the applicable percentage ratios exceeded 5%, the transaction contemplated thereunder did not constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Pursuant to the Supplemental Equipment Purchase Agreement and the Supplemental Finance Lease Agreement, 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**

On 21 March 2018, Guangdong Zi Yu Tai (as purchaser and lessor), Zhuhai Blue Ocean (as supplier) and the Hospital (as lessee) entered into the Original Finance Lease Arrangement under the Equipment Purchase Agreement and the Finance Lease Agreement (both as supplemented and amended by the 2018 Supplemental Agreement), pursuant to which (i) Guangdong Zi Yu Tai agreed to purchase the Original Equipment from Zhuhai Blue Ocean at the consideration of RMB6,697,500 (equivalent to approximately HK\$7,434,225); and (ii) Guangdong Zi Yu Tai agreed to lease the said Original Equipment to the Hospital for a term of 5 years, at a total lease payment in the amount of approximately RMB8,390,905.40 (equivalent to approximately HK\$9,313,905) to be payable in 20 quarterly instalments.

The Company announces that due to the failure in delivery of the Original Equipment by Zhuhai Blue Ocean while the first instalment of consideration at the amount of RMB5,669,600 has been paid by Guangdong Zi Yu Tai to Zhuhai Blue Ocean under the Original Finance Lease Arrangement, on 10 February 2020, Guangdong Zi Yu Tai (as purchaser and lessor), Zhuhai Blue Ocean (as supplier) and the Hospital (as lessee) entered into the Finance Lease Arrangement pursuant to the Supplemental Equipment Purchase Agreement and the Supplemental Finance Lease Agreement whereby (i) Guangdong Zi Yu Tai agreed to purchase the Equipment from Zhuhai Blue Ocean, at the Consideration of RMB11,000,000 (equivalent to approximately HK\$12,210,000); and (ii) Guangdong Zi Yu Tai agreed to lease the said Equipment to the Hospital for a term of 78 months, at a total lease payment in the amount of approximately RMB14,572,433.56 (equivalent to approximately HK\$16,175,401.25) to be payable in 26 quarterly instalments.

Details of the Finance Lease Arrangement are summarised as follows:

**(i) The Supplemental Equipment Purchase Agreement**

Under the Equipment Purchase Agreement (as supplemented and amended by the 2018 Supplemental Agreement), Guangdong Zi Yu Tai agreed to purchase the Original Equipment from Zhuhai Blue Ocean at the consideration of RMB6,697,500 (equivalent to approximately HK\$7,434,225). The first instalment of the consideration at the amount of RMB5,669,600 has been paid by Guangdong Zi Yu Tai to Zhuhai Blue Ocean on 8 May 2018.

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

<b>Date</b>	10 February 2020
<b>Parties</b>	Purchaser and lessor: Guangdong Zi Yu Tai;  Lessee: the Hospital; and  Supplier: Zhuhai Blue Ocean
<b>Subject assets</b>	The Equipment
<b>Consideration payable by the lessor to the supplier</b>	<p>The Consideration is increased to RMB11,000,000 (equivalent to approximately HK\$12,210,000), which shall be settled by Guangdong Zi Yu Tai by three instalments:</p> <p>The first instalment of RMB5,669,600 has been paid by Guangdong Zi Yu Tai on 8 May 2018 in accordance with the payment notice for settling the said amount issued by the Hospital under the Equipment Purchase Agreement.</p> <p>The second instalment of RMB1,350,000 is payable upon fulfillment of the following conditions:</p> <p>a) Guangdong Zi Yu Tai has received the payment notice for settling the said amount issued by the Hospital;</p>

- b) the Hospital and/or Zhuhai Blue Ocean has/ve settled all the outstanding payments under the Finance Lease Agreement and the Supplemental Finance Lease Agreement, including but not limited to the lease amount, service charges (if any) and security deposits (if any);
- c) the Hospital has provided the duly executed purchase contract entered into among the Hospital, Zhuhai Blue Ocean and the purchase agent designated by Zhuhai Blue Ocean;
- d) the valued-added tax invoice regarding the Consideration of the Equipment has been issued by Zhuhai Blue Ocean; and
- e) the Supplemental Equipment Purchase Agreement, the Supplemental Finance Lease Agreement and the relevant ancillary documents and agreements have become effective.

The third instalment of RMB3,150,000 is payable upon satisfying the following conditions:

- a) Guangdong Zi Yu Tai has received the payment notice for settling the said amount issued by the Hospital; and
- b) a copy of the bill of lading has been issued by Zhuhai Blue Ocean (or its designated agent).

The Consideration shall be paid to the bank account of the purchase agent designated by Zhuhai Blue Ocean.

The Consideration was determined after arm's length negotiations among the parties to the Supplemental Equipment Purchase Agreement with reference to the purchase price payable by Zhuhai Blue Ocean to the original supplier(s) for the Equipment. The Consideration will be satisfied by the Group by way of bank loans.

## (ii) The Supplemental Finance Lease Agreement

Under the Finance Lease Agreement (as supplemented and amended by the 2018 Supplemental Agreement), Guangdong Zi Yu Tai agreed to lease the Original Equipment to the Hospital for a term of 5 years (commencing from the payment date of the first instalment of the consideration for the Original Equipment under the Equipment Purchase Agreement), at a total lease payment in the amount of approximately RMB8,390,905.40 (equivalent to approximately HK\$9,313,904.99) (being the sum of the lease cost of RMB6,697,500 and the estimated aggregate interest of RMB1,693,405.40), to be payable in 20 quarterly instalments.

The lease interest rate was determined with reference to the interest rate (the “**Benchmark Interest Rate**”) for the RMB loans over the corresponding period as promulgated by the People’s Bank of China and the reasonable profit for the lessor, which is subject to adjustment from time to time.

The legal ownership of the Original Equipment will be rested in Guangdong Zi Yu Tai throughout the lease term. Upon the end of the lease term, provided that the Hospital has fulfilled all of the obligations under the Finance Lease Agreement, the Hospital has the option to purchase the Original Equipment from Guangdong Zi Yu Tai at a consideration of RMB100 (equivalent to approximately HK\$111).

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

<b>Date</b>	10 February 2020
<b>Parties</b>	Lessor: Guangdong Zi Yu Tai; and Lessee: the Hospital
<b>Period of the lease term</b>	78 months (commencing from the payment date of the first instalment of the Consideration made by Guangdong Zi Yu Tai to Zhuhai Blue Ocean under the Equipment Purchase Agreement (i.e. 8 May 2018)).
<b>Total lease amount payable by the lessee to the lessor</b>	RMB14,572,433.56 (equivalent to approximately HK\$16,175,401.25) (being the sum of the lease cost of RMB11,000,000 (which is consistent with the Consideration) and the estimated aggregate interest of RMB3,572,433.56), which is payable in 26 quarterly instalments.

**Lease interest and adjustment** The estimated aggregate interest is approximately RMB3,572,433.56 (equivalent to approximately HK\$3,965,401.25), being the total lease cost × the lease interest rate.

The lease interest rate was determined with reference to the Benchmark Interest Rate and the reasonable profit for the lessor, which is subject to adjustment from time to time. As at the date of this announcement, the Benchmark Interest Rate was 4.90%.

The lease amount was agreed between Guangdong Zi Yu Tai and the Hospital 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.

Save for the aforesaid amendments and supplements, all other terms in the Equipment Purchase Agreement and the Finance Lease Agreement remain unchanged and continue in full force and effect.

#### **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 upon after arm's length negotiations 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 Zhuhai Blue Ocean**

Zhuhai Blue Ocean is a company established in the PRC with limited liability and is listed on the National Equities Exchange and Quotations (stock code: 834818). It is principally engaged in investment in hospitals and enterprise management, and certain types of medical electronic equipment. According to public information, as at the date hereof, Zhuhai Blue Ocean is ultimately beneficially held as to 48.27% by Mr. Luo Zhilin, a PRC merchant.

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

**(iii) Information of the Hospital**

The Hospital is a public hospital located at Zhongshan County, Guangxi Zhuang Autonomous Region, the PRC. It provides comprehensive medical and nursing services for the benefit of people's health care. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the 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**

At the time when the Original Finance Lease Arrangement was entered into, as none of the applicable percentage ratios exceeded 5%, the transaction contemplated thereunder did not constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Pursuant to the Supplemental Equipment Purchase Agreement and the Supplemental Finance Lease Agreement, 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:

“2018 Supplemental Agreement”	the supplemental agreement dated 23 April 2018 entered into among Guangdong Zi Yu Tai, Zhuhai Blue Ocean and the Hospital to amend the Equipment Purchase Agreement and the Finance Lease Agreement
“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 Zhuhai Blue Ocean, which amounted to RMB11,000,000 (equivalent to approximately HK\$12,210,000) under the Supplemental Equipment Purchase Agreement
“Director(s)”	the director(s) of the Company
“Equipment”	certain medical equipment and apparatus as stipulated under the Supplemental Equipment Purchase Agreement and the Supplemental Finance Lease Agreement
“Equipment Purchase Agreement”	the equipment purchase agreement dated 21 March 2018 (as supplemented and amended by the 2018 Supplemental Agreement) entered into among Guangdong Zi Yu Tai (as purchaser and lessor), the Hospital (as lessee) and Zhuhai Blue Ocean (as supplier)
“Finance Lease Agreement”	the finance lease agreement dated 21 March 2018 (as supplemented and amended by the 2018 Supplemental Agreement) entered into between Guangdong Zi Yu Tai and the Hospital
“Finance Lease Arrangement”	the transactions contemplated under the Supplemental Equipment Purchase Agreement and the Supplemental 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, 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 PRC
“Hospital”	Zhongshan County Traditional Chinese Medicine Hospital* (鐘山縣中醫醫院), which is the lessee under the Finance Lease Arrangement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Original Equipment”	certain medical equipment and apparatus as stipulated under the Equipment Purchase Agreement and the Finance Lease Agreement
“Original Finance Lease Arrangement”	the finance lease arrangement among Guangdong Zi Yu Tai (as purchaser and lessor), the Hospital (as lessee) and Zhuhai Blue Ocean (as supplier) pursuant to the Finance Lease Agreement and the Equipment Purchase Agreement (both as supplemented and amended by the 2018 Supplemental Agreement)
“PRC”	The People’s Republic of China
“Supplemental Equipment Purchase Agreement”	the supplemental equipment purchase agreement dated 10 February 2020 entered into among Guangdong Zi Yu Tai, Zhuhai Blue Ocean and the Hospital to supplement the Equipment Purchase Agreement
“Supplemental Finance Lease Agreement”	the supplemental finance lease agreement dated 10 February 2020 entered into between Guangdong Zi Yu Tai and the Hospital to supplement the Finance Lease Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Zhuhai Blue Ocean” Zhuhai Blue Ocean Strategy Medical Co., Ltd.\* (珠海市藍海之略醫療股份有限公司), a company established in the PRC with limited liability, which is the supplier 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**  
**WU Xiaodong**  
*Chairman, Executive Director and Chief Executive Officer*

Hong Kong, 10 February 2020

*As at the date of this announcement, the board of Directors comprises Mr. WU Xiaodong (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*