

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 AND CONNECTED TRANSACTIONS
IN RELATION TO
FINANCE LEASE AGREEMENTS**

FINANCE LEASE AGREEMENT A

On 25 October 2022 (after trading hours), the Lessor, an indirect wholly-owned subsidiary of the Company entered into the Finance Lease Agreement A with the Lessee, pursuant to which (i) the Lessor shall acquire the Leased Assets A under the Acquisition Agreements; and (ii) the Lessor shall lease the Leased Assets A to the Lessee for the Lease Period A with a total lease payment of RMB5,040,912 (equivalent to approximately HK\$5,464,349).

Upon expiration of the Lease Period A and subject to the fulfilment of all conditions by the Lessee under the Finance Lease Agreement A (including payment of all the lease payments and other payables), the Lessor shall transfer the ownership of the Leased Assets A to the Lessee at a nominal consideration of RMB10,000 (equivalent to HK\$10,840).

ACQUISITION AGREEMENTS

As a part of the finance lease transaction under the Finance Lease Agreement A, on 25 October 2022 (after trading hours), the Lessor, an indirect wholly-owned subsidiary of the Company entered into the Acquisition Agreements with the Seller, pursuant to which the Seller has agreed to sell and the Lessor has agreed to purchase the Leased Assets A at a total consideration of RMB6,250,000 (equivalent to approximately HK\$6,775,000).

FINANCE LEASE AGREEMENT B

On 25 October 2022 (after trading hours), the Lessor, an indirect wholly-owned subsidiary of the Company entered into the Finance Lease Agreement B with the Lessee, pursuant to which (i) the Lessor shall acquire the Leased Assets B owned by the Lessee at a transfer consideration of RMB1,000,000 (equivalent to approximately HK\$1,084,000); and (ii) the Lessor shall lease the Leased Assets B to the Lessee for the Lease Period B with a total lease payment of RMB1,136,448 (equivalent to approximately HK\$1,231,910).

Upon expiration of the Lease Period B and subject to the fulfilment of all conditions by the Lessee under the Finance Lease Agreement B (including payment of all the lease payments and other payables), the Lessor shall transfer the ownership of the Leased Assets B to the Lessee at a nominal consideration of RMB10,000 (equivalent to HK\$10,840).

LISTING RULES IMPLICATIONS

As the Finance Lease Agreements and the Acquisition Agreements are proposed to be entered into by the Group within a 12-month period or are otherwise related, (i) in respect of the notifiable transaction requirements under Chapter 14 of the Listing Rules, the transactions Finance Lease Agreements and the Acquisition Agreements are aggregated as a series of transactions pursuant to Rule 14.22 of the Listing Rules; and (ii) in respect of the connected transaction requirements under Chapter 14A of the Listing Rules, the transactions under the Finance Lease Agreements are aggregated as a series of transactions pursuant to Rule 14A.81 of the Listing Rules.

As at the date of this announcement, (i) Mr. Hon is a substantial shareholder of the Company as he is interested in 1,596,428,891 Shares, representing approximately 26.86% of the issued shares capital of the Company through Sincere View; (ii) Ms. Sit is a daughter-in-law of Mr. Hon and the controlling shareholder as well as a director of Citychamp Dartong; (iii) Mr. Hon Hau Wong is a son of Mr. Hon and brother-in-law of Ms. Sit as well as the chairman and a director of Citychamp Dartong; and (iv) Mr. Chang is a son-in-law of Mr. Hon and the chairman of the Board and an executive Director of the Company as well as a director of Citychamp Dartong, the Lessee (being an indirect wholly-owned subsidiary of Citychamp Dartong) is considered to be a connected person of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Finance Lease Agreements and the Acquisition Agreements (i) as a notifiable transaction, on an aggregate basis, are more than 5% but all are less than 25%; and (ii) as a connected transaction, on an aggregate basis, are less than 25% and the total value of the financial assistance is less than HK\$10,000,000, the entering into of the Finance Lease Agreements falls within the ambit of Rule 14A.76(2)(b) of the Listing Rules. Accordingly, (i) the transactions contemplated under the Finance Lease Agreements and the Acquisition Agreements constitute discloseable transactions of the Company; and (ii) the transactions contemplated under the Finance Lease Agreements constitute connected transactions of the Company; and are subject to the reporting, announcement and annual review requirements but is exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules.

FINANCE LEASE AGREEMENT A

The Board hereby announces that on 25 October 2022 (after trading hours), the Lessor, an indirect wholly-owned subsidiary of the Company entered into the Finance Lease Agreement A with the Lessee, pursuant to which (i) the Lessor shall acquire the Leased Assets A under the Acquisition Agreements; and (ii) the Lessor shall lease the Leased Assets A to the Lessee for the Lease Period A with a total lease payment of RMB5,040,912 (equivalent to approximately HK\$5,464,349).

Details of the Finance Lease Agreement A are summarized as follows:

Date

25 October 2022 (after trading hours)

Parties

- (1) the Lessor; and
- (2) the Lessee

Leased assets

The Leased Assets A are Yacht A and Yacht B. The invoice amount, including VAT of the Leased Assets A as at the date of this announcement is approximately RMB6,250,000 (equivalent to approximately HK\$6,775,000).

Lease period

The Lease Period A of the Leased Assets A under the Finance Lease Agreement A shall be 36 months.

Lease payment and method of payment

Pursuant to the Finance Lease Agreement A, the Lessor agreed to lease the Leased Assets A to the Lessee at the total lease payment of RMB5,040,912 (equivalent to approximately HK\$5,464,349), which comprises lease principal of RMB4,375,000 (equivalent to approximately HK\$4,742,500) and lease interest of RMB665,912 (equivalent to approximately HK\$721,849).

The lease interest and management and other fees under the Finance Lease Agreement A were determined after arm's length negotiation between the Lessee and the Lessor with reference to the (i) market conditions and the benchmark interest rate for term loans published by the PBOC; (ii) prevailing market prices for finance leases for similar assets and similar finance lease services in the PRC; and (iii) the credit assessment of the Group on the Lessee.

The down payment for lease principal in the amount of RMB1,875,000 (equivalent to approximately HK\$2,032,500) shall be paid by the Lessee to the Lessor within three working days after the receipt of a payment notice issued by the Lessor. The lease principal and lease interest shall be paid by the Lessee to the Lessor on a quarterly basis during the Lease Period A; and the management fees of RMB87,500 (equivalent to approximately HK\$94,850) and security deposit of RMB420,076 (equivalent to approximately HK\$455,362) shall be fully settled by the Lessee to the Lessor within three working days after the receipt of a payment notice issued by the Lessor.

Leased assets and their ownership

During the Lease Period A, the ownership of the Leased Assets A will vest in the Lessor and the Lessee will be entitled to occupy and use the Leased Assets A.

Upon expiration of the Lease Period A and subject to the fulfilment of all conditions by the Lessee under the Finance Lease Agreement A (including payment of all the lease payments and other payables), the Lessor shall transfer the ownership of the Leased Assets A to the Lessee at a nominal consideration of RMB10,000 (equivalent to HK\$10,840).

THE ACQUISITION AGREEMENTS

In order to facilitate the finance lease transaction under the Finance Lease Agreement A, on 25 October 2022 (after trading hours), the Lessor, an indirect wholly-owned subsidiary of the Company, entered into the Acquisition Agreements with the Seller, pursuant to which the Seller has agreed to sell and the Lessor has agreed to purchase the Leased Assets A at a total consideration of RMB6,250,000 (equivalent to approximately HK\$6,775,000).

Details of the Acquisition Agreements are summarized as follows:

Date

25 October 2022 (after trading hours)

Parties

- (1) the Lessor;
- (2) the Lessee; and
- (3) the Seller

To the best of the Directors' knowledge, information, and belief having made all reasonable enquiries, the Seller and its ultimate beneficial owner(s) are third parties independent of and not connected with the Company and its connected persons.

Subject matter

Pursuant to the Acquisition Agreements, the Lessor has agreed to acquire, and the Seller has agreed to sell, the Leased Assets A.

Assets to be acquired

The Leased Assets A are two yachts with the following specifications:

	Yacht A	Yacht B
Length overall	12.75 metres	13.6 metres
Maximum beam	4.80 metres	4.57 metres
Draft	0.68 metres	0.82 metres
Displacement	15.2 tons	16 tons
Water tank capacity	378 litres	378 litres

Consideration

Under the Acquisition Agreement A, the consideration for the acquisition of Yacht A of RMB1,750,000 (equivalent to approximately HK\$1,897,000) (inclusive of VAT) shall be paid by the Lessor to the Seller by way of bank transfer in the following manner:

- (i) 30% of the consideration (RMB525,000 (equivalent to approximately HK\$569,100)) payable within seven working days after the date of the Acquisition Agreement A (the “**First Payment A**”);
- (ii) 30% of the consideration (RMB525,000 (equivalent to approximately HK\$569,100)) payable within seven working days after the Lessee’s confirmation in respect of the design of the Leased Assets A;
- (iii) 30% of the consideration (RMB525,000 (equivalent to approximately HK\$569,100)) payable within three working days after the Lessee’s confirmation in respect of the power train and outer body of the Leased Assets A; and
- (iv) 10% of the consideration (RMB175,000 (equivalent to approximately HK\$189,700)) payable within three working days after delivery of the Leased Assets A to the Lessee.

Under the Acquisition Agreement B, the consideration for the acquisition of the Yacht B of RMB4,500,000 (equivalent to approximately HK\$4,878,000) (inclusive of VAT) shall be paid by the Lessor to the Seller by way of bank transfer in the following manner:

- (i) 30% of the consideration (RMB1,350,000 (equivalent to HK\$1,463,400)) payable within seven working days after the date of the Acquisition Agreement B (the “**First Payment B**”);

- (ii) 30% of the consideration (RMB1,350,000 (equivalent to HK\$1,463,400)) payable within seven working days after the Lessee's confirmation in respect of the design of the Leased Assets A;
- (iii) 30% of the consideration (RMB1,350,000 (equivalent to HK\$1,463,400)) payable within seven working days after the Lessee's confirmation in respect of the power train and outer body of the Leased Assets A; and
- (iv) 10% of the consideration (RMB450,000 (equivalent to HK\$487,800)) payable within seven working days after delivery of the Leased Assets A to the Lessee.

The consideration for the acquisition of the Leased Assets A will be funded by the Lessor's internal resources.

The consideration for the acquisition of the Leased Assets A was determined after arm's length negotiation between the parties with reference to the prevailing market prices of the Leased Assets A and the specifications of Yacht A and Yacht B.

Delivery

Yacht A shall be delivered within nine months from the payment of the First Payment A. Yacht B shall be delivered within nine months from the payment of the First Payment B.

FINANCE LEASE AGREEMENT B

The Board hereby announces that on 25 October 2022 (after trading hours), the Lessor, an indirect wholly-owned subsidiary of the Company entered into the Finance Lease Agreement B with the Lessee, pursuant to which (i) the Lessor shall acquire the Leased Assets B owned by the Lessee at a transfer consideration of RMB1,000,000 (equivalent to HK\$1,084,000); and (ii) the Lessor shall lease the Leased Assets B to the Lessee for the Lease Period B with a total lease payment of RMB1,136,448 (equivalent to HK\$1,231,910).

Details of the Finance Lease Agreement B are summarized as follows:

Date

25 October 2022 (after trading hours)

Parties

- (1) the Lessor; and
- (2) the Lessee

Sale of the leased assets

Pursuant to the Finance Lease Agreement B, the Lessor agreed to purchase the Leased Assets B originally owned by the Lessee at an aggregate consideration of RMB1,000,000 (equivalent to HK\$1,084,000), and shall be paid by the Lessor to the Lessee by way of bank transfer subject to the satisfaction of certain conditions including, amongst others, the Lessor having received the deposit and management fees and relevant approval and authorization documents.

The consideration for the acquisition of the Lease Assets B will be funded by the Lessor's internal resources.

The consideration for the sale of the Lease Assets B was determined after arm's length negotiation between the parties with reference to the fair market prices of the Leased Assets B and the amount of financing agreed to be provided by the Lessor.

Leased assets

The Leased Assets B are certain sailing boats, rubber boats and motorboats located in the PRC. The unaudited net book value of the Leased Assets B as at the date of this announcement is approximately RMB1,123,480 (equivalent to approximately HKD1,217,852).

Lease period

The Lease Period B of the Leased Assets B under the Finance Lease Agreement B shall be 36 months.

Lease payment and method of payment

Pursuant to the Finance Lease Agreement B, the Lessor agreed to lease back the Leased Assets B to the Lessee at the total lease payment of RMB1,136,448 (equivalent to HK\$1,231,910). which comprises lease principal of RMB1,000,000 (equivalent to HK\$1,084,000) and lease interest of RMB136,448 (equivalent to HK\$147,910).

The lease interest and management and other fees under the Finance Lease Agreement B were determined after arm's length negotiation between the Lessee and the Lessor with reference to the (i) market conditions and the benchmark interest rate for term loans published by the PBOC; (ii) prevailing market prices for finance leases for similar assets and similar finance lease services in the PRC; and (iii) the credit assessment of the Group on the Lessee.

The lease principal and lease interest shall be paid by the Lessee to the Lessor on a quarterly basis during the Lease Period B; and the management fees of RMB20,000 (equivalent to HK\$21,680) and security deposit of RMB31,568 (equivalent to approximately HK\$34,220) shall be fully settled by the Lessee to the Lessor within five working days before the Lessor pays the transfer consideration for the Leased Assets B.

Leased assets and their ownership

During the Lease Period B, the ownership of the Leased Assets B will vest in the Lessor and the Lessee will be entitled to occupy and use the Leased Assets B.

Upon expiration of the Lease Period B and subject to the fulfilment of all conditions by the Lessee under the Finance Lease Agreement B (including payment of all the lease payments and other payables), the Lessor shall transfer the ownership of the Leased Assets B to the Lessee at a nominal consideration of RMB10,000 (equivalent to HK\$10,840).

REASONS FOR AND BENEFITS OF ENTERING INTO THE FINANCE LEASE AGREEMENTS AND THE ACQUISITION AGREEMENTS

The Finance Lease Agreements (including the Acquisition Agreements) were entered into by the Company during its ordinary and usual course of business. The entering into the Finance Lease Agreements with the Lessee and the Acquisition Agreements with the Seller are conducive to the finance lease business of the Group as they would enable the Group to enjoy a stable income stream and is consistent with the Group's business development strategy.

The Directors (including the independent non-executive Directors) are of the view that the terms under the Finance Lease Agreements and the Acquisition Agreements were arrived at after arm's length negotiations between the parties thereto and were on normal commercial terms and in the ordinary and usual course of business of the Group, and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

As Mr. Chang is considered to be materially interested in the Finance Lease Agreements and the Acquisition Agreements and the transactions contemplated thereunder, he has abstained from voting on the relevant resolutions of the Board approving the Finance Lease Agreements and the Acquisition Agreements.

INFORMATION OF THE PARTIES

Information of the Company and the Group

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). The principal business activities of the Group comprise (i) provision of finance lease and loan services and property investment; (ii) management and operation of light-emitting diode (“LED”) energy management contracts; (iii) the provision of public-private partnership Class 1 land development services and sale of construction materials; and (iv) the trading of gas and petroleum products business.

Information of the Lessor

The Lessor is a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally engaged in provision of finance lease and loan services.

Information of the Lessee

The Lessee is a company incorporated in the PRC with limited liability, which is principally engaged in (i) sales, leasing and maintenance of yachts, luxury yachts, recreational boats, sailing ships and sports boats etc.; (ii) sales and lease of ship ports; and (iii) providing ship ports and relevant services. The Lessee is an indirect wholly-owned subsidiary of Citychamp Dartong. Ms. Sit is a director and a controlling shareholder of Citychamp Dartong, holding 36.4% of its equity interest as at the date of this announcement. Mr. Chang is also a director of Citychamp Dartong.

Information of the Seller

The Seller is a company established in the PRC with limited liability. It is principally engaged in building of new energy sporty yachts. Its ultimate beneficial owner is Vivic Corporation (VIVC), which shares are listed on The Nasdaq Stock Market LLC.

IMPLICATIONS UNDER THE LISTING RULES

As the Finance Lease Agreements and the Acquisition Agreement are proposed to be entered into by the Group within a 12-month period or are otherwise related, (i) in respect of the notifiable transaction requirements under Chapter 14 of the Listing Rules, the transactions Finance Lease Agreements and the Acquisition Agreement are aggregated as a series of transactions pursuant to Rule 14.22 of the Listing Rules; and (ii) in respect of the connected transaction requirements under Chapter 14A of the Listing Rules, the transactions under the Finance Lease Agreements are aggregated as a series of transactions pursuant to Rule 14A.81 of the Listing Rules.

As at the date of this announcement, (i) Mr. Hon is a substantial shareholder of the Company as he is interested in 1,596,428,891 Shares, representing approximately 26.86% of the issued shares capital of the Company through Sincere View; (ii) Ms. Sit is a daughter-in-law of Mr. Hon and the controlling shareholder as well as a director of Citychamp Dartong; (iii) Mr. Hon Hau Wong is a son of Mr. Hon and brother-in-law of Ms. Sit as well as the chairman and a director of Citychamp Dartong; and (iv) Mr. Chang is a son-in-law of Mr. Hon and the chairman of the Board and an executive Director of the Company as well as a director of Citychamp Dartong, the Lessee (being an indirect wholly-owned subsidiary of Citychamp Dartong) is considered to be a connected person of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Finance Lease Agreement and the Acquisition Agreements (i) as a notifiable transaction, on an aggregate basis, are more than 5% but all are less than 25%; and (ii) as a connected transaction, on an aggregate basis, are less than 25% and the total value of the financial assistance is less than HK\$10,000,000, the entering into of the Finance Lease Agreements falls within the ambit of Rule 14A.76(2)(b) of the Listing Rules. Accordingly, (i) the transactions contemplated under the Finance Lease Agreements and the Acquisition Agreements constitute discloseable transactions of the Company; and (ii) the transactions contemplated under the Finance Lease Agreements constitute connected transactions of the Company; and are subject to the reporting, announcement and annual review requirements but is exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules.

DEFINITIONS

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

“Acquisition Agreements”	means Acquisition Agreement A and Acquisition Agreement B
“Acquisition Agreement A”	means the acquisition agreement entered into between the Lessor, the Lessee and the Seller on 25 October 2022, pursuant to which the Lessor has agreed to purchase, and the Seller has agreed to sell, Yacht A
“Acquisition Agreement B”	means the acquisition agreement entered into between the Lessor, the Lessee and the Seller on 25 October 2022, pursuant to which the Lessor has agreed to purchase, and the Seller has agreed to sell, Yacht B
“Board”	means the board of Directors

“Citychamp Dartong”	means Citychamp Dartong Co., Limited* (冠城大通股份有限公司), a company incorporated in the PRC with limited liability, the shares of which are listed on the Shanghai Stock Exchange with stock code: 600067. (i) Ms. Sit is a director and a controlling shareholder of Citychamp Dartong, holding 36.4% of its equity interest; (ii) Mr. Hon Hau Wong is the chairman and director of Citychamp Dartong; and (iii) Mr. Chang is a director of Citychamp Dartong as at the date of this announcement
“Company”	means AVIC Joy Holdings (HK) Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange with stock code 260
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	means the director(s) of the Company
“Finance Lease Agreements”	means the Finance Lease Agreement A and Finance Lease Agreement B
“Finance Lease Agreement A”	means the finance lease agreement in respect of the Leased Assets A entered into between the Lessor and the Lessees on 25 October 2022
“Finance Lease Agreement B”	means the finance lease agreement in respect of the Leased Assets B entered into between the Lessor and the Lessees on 25 October 2022
“Hong Kong”	means Hong Kong Special Administrative Region of the PRC
“HK\$”	means Hong Kong dollar, the lawful currency of Hong Kong
“Leased Assets A”	means Yacht A and Yacht B to be acquired by the Lessor from the Seller as stipulated under the Acquisition Agreements and leased to the Lessee under the Finance Lease Agreement A
“Leased Assets B”	means certain sailing boats, rubber boats and motorboats located in the PRC as stipulated under the Finance Lease Agreement B

“Leased Period A”	the lease period of the Leased Assets A of 36 months under the Finance Lease Agreement A
“Leased Period B”	the lease period of the Leased Assets B of 36 months under the Finance Lease Agreement B
“Lessee”	Fujian Citychamp Haiyue Yacht Industry Development Limited*(福建冠城海悦遊艇產業發展有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of Citychamp Dartong
“Lessor”	means Guangdong Zi Yu Tai Finance Leasing Company*(廣東資雨泰融資租賃有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange
“Mr. Hon”	means Mr. Hon Kwok Lung, who is a substantial shareholder of the Company indirectly interested in 1,596,428,891 Shares, representing approximately 26.86% of the issued shares capital of the Company as at the date of this announcement. Mr. Hon is also the father-in-law of Ms. Sit and Mr. Chang
“Mr. Chang”	means Mr. Chang Chien, who is the son-in-law of Mr. Hon and the chairman of the Board and an executive Director of the Company as well as a director of Citychamp Dartong
“Ms. Sit”	means Ms. Sit Lai Hei, who is the daughter-in-law of Mr. Hon and the controlling shareholder and a director of Citychamp Dartong
“PBOC”	means The People’s Bank of China
“PRC”	means 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”	means Renminbi, the lawful currency of the PRC

“Share(s)”	means ordinary share(s) in the share capital of the Company
“Seller”	Guangdong Weiguan Ship Technology Co., Ltd* (廣東威冠船舶科技有限公司), a company established in the PRC with limited liability
“Shareholder(s)”	means holder(s) of the Share(s)
“Sincere View”	means Sincere View International Limited, a company incorporated in the British Virgin Islands with limited liability and a substantial shareholder of the company, interested in 1,596,428,891 Shares, representing approximately 26.86% of the issued shares capital of the Company as the date of this announcement. The shares in Sincere View is owned as to 80% by Mr. Hon and 20% by Ms. Lam Suk Ying (Mr. Hon’s spouse)
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“Yacht A”	the yacht to be acquired by the Lessor and sold by the Seller under the Acquisition agreement A
“Yacht B”	the yacht to be acquired by the Lessor and sold by the Seller under the Acquisition agreement B
“VAT”	means value-added tax
“%”	means per cent

* *For identification purposes only*

** *The exchange rate of RMB to HK\$ is 1:1.084*

By Order of the Board
AVIC Joy Holdings (HK) Limited
CHANG Chien
Chairman and Executive Director

Hong Kong, 25 October 2022

As at the date of this announcement, the board of Directors comprises:

Executive Directors:

Mr. Chang Chien, Mr. Lam Toi Man and Mr. Zhu Chengye

Independent Non-Executive Directors:

Mr. To Chun Kei and Mr. Lok Tze Bong