

*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)**

## **SUPPLEMENTAL ANNOUNCEMENT DECISION OF THE LISTING DIVISION**

Reference is made to the announcement of the Company dated 7 September 2022 (the “**Announcement**”) in relation to, among other matters, a letter (the “**Letter**”) from the listing division (the “**Division**”) of the Stock Exchange that the Division had decided to suspend trading in the shares of the Company under Rule 6.01(3) of the Listing Rules and proceed with cancellation of the Company’s listing under Rule 6.01A(1) of the Listing Rules (the “**Decision**”). Unless otherwise specified, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

The Company would like to provide supplemental information in respect of the factors considered by the Stock Exchange in arriving the Decision as set out in the Letter, which are as follows:

1. The Company is/was principally engaged in (i) sales of compressed natural gas and petroleum products operation business (the “**Gas and Petroleum Products Business**”); (ii) the provision of project management services in relation to the replacement or installation of light-emitting diode (“**LED**”) lights project (the “**LED Business**”); and (iii) the provision of finance lease and loan services (the “**Finance Lease Business**”).
2. Prior to 2019, the Company’s revenue was generated mainly from the Gas and Petroleum Products Business. After ceasing the Gas and Petroleum Products Business, the Company started relying on two businesses, being the LED Business and the Finance Lease Business. However, for 2020, 2021 and first half of 2022, the Company recorded minimal revenues of HK\$6 million, HK\$3 million and HK\$2 million respectively which were insufficient to cover its corporate expenses resulting in net losses of HK\$189 million, HK\$49 million and HK\$19 million respectively. For the following reasons, the Stock Exchange considers that the Company has not demonstrated to have a business which is of substance, viable and sustainable.

## LED Business

3. The LED Business has not generated any revenue since 2016. To address the Stock Exchange's concern as set out in their show cause letter to the Company in January 2021 (the "**2021 Show Cause Letter**"), the Company submitted a plan for developing this business. However, for the following reasons, the Stock Exchange considers the business plan is not demonstrated to be able to develop the LED Business into a business of substance, viable and sustainable:

- (a) Despite the signing of two agreements with the project companies owned by the state-owned enterprise client (the "**SOE Client**"), the LED Business has not generated any revenue. The construction of the projects under the agreements did not commence in June 2021 as submitted or at all. The Company is still awaiting the clients' instructions to commence the projects, the timing of which is unknown to the Company and, as the Company has admitted, beyond its control. It is unclear what needs to be done or happen before the clients will commence the projects.

The Company asserted that the delay in commencing the projects was due to novel coronavirus ("**COVID-19**"), but did not provide the factual basis for such assertion. Even if the projects were to commence, the Company would only receive an annual average income of RMB10 million over a period of 10 years, indicating that the LED Business would remain to have a minimal scale of operation.

- (b) The Company has failed to sign any additional client agreements according to the signing schedule provided in the response to the 2021 Show Cause Letter. The Company has not demonstrated a prospect of doing so in the foreseeable future.
- (c) The Company as a subcontractor had entered into collaboration agreements (the "**Collaboration Agreements**") with Jia Lian International Limited ("**Jia Lian**"), a joint venture of the Company, for Jia Lian's existing projects. The Collaboration Agreements did not generate any revenue.
- (d) In any case, even taking into account the agreements signed with the SOE Client (and the additional agreements to be signed) and the Collaboration Agreements, the Company has a very limited customer base. The Company has not demonstrated to have a credible business plan to meet the revenue forecasts for 2022 and 2023 and/or develop this business to ensure its viability and sustainability.

## **Finance Lease Business**

4. This business has maintained a minimal scale of operation, with annual revenue of between HK\$2 million and HK\$17 million from 2015 to 2021. The Company's alleged impact of COVID-19 on the business is generic and devoid of a factual basis. Given the minimal operation scale before the COVID-19 pandemic, the Company failed to demonstrate that but for COVID-19, the business could have generated sufficient revenue and profit to support its viability and sustainability.
5. Based on the Company's reply submission dated 10 August 2022 (the "**Submission**"), the Company entered into a new finance lease agreement in May 2022 which could only generate a total interest income of HK\$1.9 million during the lease period of 36 months. It entered into two non-legally binding agreements, and these agreements would not generate revenue until definitive agreements were signed. They are not demonstrated to be sufficient to support the viability and sustainability of the business.
6. Again, the Company did not demonstrate to have a credible plan for developing this business.

## **Gas and Petroleum Products Business**

7. As stated in the Submission, the Company intends to re-commence the Gas and Petroleum Products Business. However, the Company had not provided any details of the business plan as to how it plans to operate the business with all subsidiaries for the business having been disposed of in 2019. Nor did it submit whether the reason of business discontinuation, i.e. pressure on gas price due to market competition, still persists or how it plans to address its impact on the business. It is also unclear as to the extent to which the model of the re-commenced business is different from the previous business model which was proven not to be viable and sustainable. In any event, the business has not generated any revenue to date.

## **Level of assets**

8. For the following reasons, the Stock Exchange considered that the Company does not have sufficient assets to meet Rule 13.24:
  - (a) As at 30 June 2022, the Company had net liabilities of HK\$641 million. The Stock Exchange has taken into account the Company's total assets of HK\$686 million, HK\$310 million of which representing the contracts costs allegedly recoverable from the government in relation to a land development service project. The Company's auditor has issued a qualified opinion on the recoverability of these contract costs given the uncertain outcome of the mediation between the Company and the government.

- (b) In view of the Stock Exchange's concern on the Company's businesses as mentioned above, the Stock Exchange is of the view that the Company does not appear to have sufficient assets to support the operation of a viable and sustainable business.

As mentioned in the Announcement, the Company has decided to make a request for the Decision be referred to the Listing Committee for review. Accordingly, subject to the making of the request, trading in the securities of the Company will continue. Further announcements will be made by the Company as and when appropriate and in accordance with the requirements of the Listing Rules. Shareholders who have any queries about the implications of the Stock Exchange's notice of proceeding to cancel the Company's listing are advised to obtain appropriate professional advice. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 9 September 2022

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

*Executive Directors*

*Mr. Chang Chien (Chairman), Mr. Lam Toi Man and Mr. Zhu Chengye*

*Independent Non-Executive Directors*

*Mr. To Chun Kei and Mr. Lok Tze Bong*