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**HUAZHONG IN-VEHICLE HOLDINGS COMPANY LIMITED**

**華眾車載控股有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 6830)**

**CONNECTED TRANSACTION**

**LAND REZONING AGREEMENT AND ACQUISITION OF LAND**

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As the zoning of the lands owned by Lawrence, Huaxiang Group, Ningbo Huaxiang and Huazhong Plastic located in Jidian Industrial Area, Xizhou Town, Ningbo City, Zhejiang Province has been changed from field roads to urban road networks, whereas the constructions of the factories of the companies were implemented based on planning, the road network and the situation of the buildings were mismatched with the actual area of each zone which caused an inconsistency between land certificates and property ownership certificates, which in turn resulted in unclear property rights. As a result, the Xiangshan Land and Resources Bureau will implement a replanning and rezoning on all the lands owned by the aforesaid companies based on the actual use of the existing lands.

As a result of the rezoning, Huazhong Plastic will acquire 29,058.99 square meters of land from Huaxiang Group at a consideration of RMB14,820,036.69 (equivalent to approximately HK\$17,487,643.29).

As at the date hereof, Huaxiang Group is owned as to 89.758% by Mr. Zhou Cimei (周辭美) (father of Mr. Zhou Minfeng), 9.162% by Ms. Lai Cairong (mother of Mr. Zhou Minfeng), 0.3% by Ms. Zhang Songmei (張松梅), 0.75% by Mr. Zhou Zhaodi (周照娣) and 0.03% by Ms. Lai Suzhen (賴素珍). Huaxiang Group is therefore a connected person of the Company under the Listing Rules. Lawrence is beneficially owned as to 100% by Mr. Zhou Xiaofeng (周曉峰) (younger brother of Mr. Zhou Minfeng) and is therefore a connected person of the Company under the Listing Rules. Ningbo Huaxiang is regarded as a related party of the Company under the International Financial Reporting Standards but it is not a connected person of the Company under the Listing Rules. Accordingly, the purchase of the land by Huazhong Plastic from Huaxiang Group constitutes a connected transaction for the Company under the Listing Rules.

Since the applicable percentage ratios as defined in Rule 14.07 of the Listing Rules calculated with reference to the purchase of the land are, in aggregate, over 0.1% but less than 5%, the connected transaction in relation to the purchase of the land is subject to the annual review and all disclosure requirements but exempt from the independent shareholders' approval requirement under Rule 14A.76(2) of the Listing Rules.

## **INTRODUCTION**

On 16 June 2016, Huazhong Plastic, a wholly-owned subsidiary of the Company, entered into the land rezoning agreement (the "Land Rezoning Agreement") with Lawrence, Huaxiang Group and Ningbo Huaxiang. As the zoning of the lands owned by Lawrence, Huaxiang Group, Ningbo Huaxiang and Huazhong Plastic located in Jidian Industrial Area, Xizhou Town, Ningbo City, Zhejiang Province has been changed from field roads to urban road networks, the Xiangshan Land and Resources Bureau will implement a replanning and rezoning on all the lands owned by the aforesaid companies based on the actual use of the existing lands.

According to the decision on land replanning and rezoning of the competent authority, the aforesaid companies are required to state explicitly the specific zoning of the underlying lands and reapply the relevant land use right certificates.

## PRINCIPAL TERMS

Date: 16 June 2016

Parties: (1) Huazhong Plastic (Purchaser)  
(2) Huaxiang Group (Seller)  
(3) Lawrence  
(4) Ningbo Huaxiang

Subject Matter: Land of Xiangxi Industrial Area, Xizhou Town, Ningbo City, Zhejiang Province (浙江省寧波市西周鎮象西工業區) with an area of 55,027.63 square meters. As a result of the rezoning, Huazhong Plastic will acquire 29,058.99 square meters of land from Huaxiang Group.

As a result of the rezoning, Lawrence and Ningbo Huaxiang will acquire 6,542.60 square meters and 19,426.04 square meters, respectively from Huaxiang Group.

Consideration: RMB14,820,036.69 (equivalent to approximately HK\$17,487,643.29), based on the “Project Evaluation Report in respect of the market value of the Land Use Right Owned by Huaxiang Group due to the Needs of Rezoning the Transferred Land” with a valuation date on 31 March 2016 issued by Beijing China Enterprise Appraisals Company Limited.

The consideration paid by Lawrence and Ningbo Huaxiang to Huaxiang Group will be RMB2,882,913.52 and RMB9,907,248.17, respectively.

Payment Terms: The payment of the consideration of RMB14,820,036.69 will be made in one lump sum by Huazhong Plastic within 90 days from the completion of the registration of transfer and other relevant procedures.

## **REASONS AND BENEFITS FOR THE TRANSACTION**

The Huaxiang Industrial Park has been basically shaped after ten year's construction. Since the requisition approval process then was in stages and in batches, and each zone of land was determined based on the ridge between fields and was in irregular shape, whereas the constructions of the factories of the companies were implemented based on planning, the road network and the situation of the buildings were mismatched with the actual area of each zone which caused an inconsistency between land certificates and property ownership certificates, which in turn resulted in unclear property rights and to a certain extent affected the normal operation of the companies.

The Directors are of the view that the Land Rezoning Agreement is beneficial to the development of the principal business of the Company and is in line with its business strategies and interests as a whole.

The Directors are of the view that the terms and conditions of the Land Rezoning Agreement are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As at the date hereof, Huaxiang Group is owned as to 89.758% by Mr. Zhou Cimei (father of Mr. Zhou Minfeng, the Chairman of the Company), 9.162% by Ms. Lai Cairong (mother of Mr. Zhou Minfeng), 0.3% by Ms. Zhang Songmei (Mr. Zhou Minfeng's sister in law), 0.75% by Mr. Zhou Zhaodi (Mr. Zhou Minfeng's aunt) and 0.03% by Ms. Lai Suzhen, an independent third party. Huaxiang Group is therefore a connected person of the Company under the Listing Rules. Lawrence is beneficially owned as to 100% by Mr. Zhou Xiaofeng(周曉峰) (younger brother of Mr. Zhou Minfeng) and is therefore a connected person of the Company under the Listing Rules. Ningbo Huaxiang is regarded as a related party of the Company under the International Financial Reporting Standards but it is not a connected person of the Company under the Listing Rules. Accordingly, the purchase of the land by Huazhong Plastic from Huaxiang Group constitutes a connected transaction for the Company under the Listing Rules.

Since the applicable percentage ratios as defined in Rule 14.07 of the Listing Rules calculated with reference to the purchase of the land are, in aggregate, over 0.1% but less than 5%, the connected transaction in relation to the purchase of the land is subject to the annual review and all disclosure requirements but exempt from the independent shareholders' approval requirement under Rule 14A.76(2) of the Listing Rules.

Resolutions of the Board in respect of the rezoning of the land were passed on 16 June 2016. Mr. Zhou Minfeng and his mother, Ms. Lai Cairong, having material interest in the transaction, are required under the Listing Rules to abstain from voting.

## **DEFINITIONS**

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

“Board”	the board of directors of the Company
“Company”	Huazhong In-Vehicle Holdings Company Limited, a company incorporated in Cayman Islands with limited liability whose shares are listed on the main board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Huaxiang Group”	華翔集團股份有限公司(Huaxiang Group Co., Ltd.*, formerly known as 寧波華翔集團股份有限公司 (Ningbo Huaxiang Group Co., Ltd.*)) , a company established in the PRC with limited liability, which is owned as to 89.758% by Mr. Zhou Cimei (father of Mr. Zhou Minfeng, the Chairman of the Company), 9.162% by Ms. Lai Cairong (mother of Mr. Zhou Minfeng), 0.3% by Ms. Zhang Songmei (Mr. Zhou Minfeng’s sister in law), 0.75% by Mr. Zhou Zhaodi (Mr. Zhou Minfeng’s aunt) and 0.03% by Ms. Lai Suzhen, an independent third party
“Huazhong Plastic”	寧波華眾塑料製品有限公司 (Ningbo Huazhong Plastic Products Co., Ltd.*), a company established in the PRC and a wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Lawrence”	寧波勞倫斯汽車飾件有限公司 (Ningbo Lawrence Automotive Interior Co., Ltd.), to the best knowledge of the Directors having made all reasonable enquiries, is indirectly beneficially owned as to 100% by Mr. Zhou Xiaofeng (周曉峰) (younger brother of Mr. Zhou Minfeng)
“Ningbo Huaxiang”	寧波華翔電子股份有限公司(Ningbo Huaxiang Electronic Co., Ltd.*), a company incorporated in the PRC on 26 September 1988 with limited liability whose shares are listed on the Shenzhen Stock Exchange (stock code: 002048). To the best knowledge of the Directors having made all reasonable enquiries, Ningbo Huaxiang is owned as to approximately 6.75% by Huaxiang Group, approximately 16.97% by Mr. Zhou Xiaofeng (younger brother of Mr. Zhou Minfeng) and approximately 76.28% by other public shareholders as at the date of this announcement

“PRC”	the People’s Republic of China, which for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By order of the Board  
**Huazhong In-Vehicle Holdings Company Limited**  
**Zhou Minfeng**  
*Chairman and Executive Director*

*\* The English names are translations of their Chinese names and are included for identification purposes only.*

Hong Kong, 16 June 2016

*As at the date of this announcement, the executive Directors of the Company are Mr. Zhou Minfeng, Mr. Liu Genyu and Mr. Chang Jingzhou; the non-executive Directors are Ms. Lai Cairong, Mr. Wang Yuming, Mr. He Jifeng and Mr. Guan Xin; and the independent non-executive Directors are Mr. Wong Luen Cheung Andrew, Mr. Yu Shuli, Mr. Tian Yushi and Mr. Xu Jiali.*