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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)

DISCLOSEABLE TRANSACTION IN RELATION TO THE ACQUISITION OF 15% EQUITY INTEREST IN A JOINT VENTURE

INTRODUCTION

The Board announces that, on 3 March 2022 (after trading hours), the Transferee, a wholly-owned subsidiary of the Company, entered into the Equity Purchase Agreement with the Transferor, pursuant to which the Transferor has agreed to sell, and the Transferee has agreed to purchase, the Target Equity Interest at the Consideration of EUR4.5 million (equivalent to approximately RMB31.9 million).

THE EQUITY PURCHASE AGREEMENT

The principal terms of the Equity Purchase Agreement are set out as follows:

Date	:	3 March 2022 (after trading hours)
Parties	:	Transferor: zwissTEX Germany GmbH Transferee: Ningbo Huazhong Plastic Products Co., Ltd.*(寧波華眾塑料製品有限公司), a wholly-owned subsidiary of the Company.
Subject matter	:	Pursuant to the Equity Purchase Agreement, the Transferor has agreed to sell, subject to the Equity Purchase Agreement, and the Transferee has agreed to acquire, 15% equity interest in the Target Company.

Consideration : The Consideration for the Equity Purchase shall be EUR4.5 million (equivalent to approximately RMB31.9 million), which shall be settled in the following manner:

The entire payment for the Equity Purchase shall be made by the Transferee in instalments after completion of the approval process of the Company and the industrial and commercial registration modification formalities* (工商變更登記手續).

The Consideration was determined after arm's length negotiations between the Transferor and the Transferee.

The Directors consider that the Consideration is fair and reasonable and on normal commercial terms and that the entering into of the Equity Purchase Agreement is in the interests of the Company and the Shareholders as a whole.

Completion : The Equity Purchase Agreement, having been signed and sealed by the representatives of both parties and approved by the Company, the holding company of the Transferee, shall come into effect. The Transferor shall cooperate with the Transferee to complete the industrial and commercial registration modification formalities* (工商變更登記手續) and the filing procedures under the Articles of Association of the Company in respect of the Equity Purchase within 60 days upon signing of the Equity Purchase Agreement.

REASONS FOR AND BENEFITS OF THE EQUITY PURCHASE AGREEMENT

The Company Considers that upon Completion, the equity interest in the Target Company held by the Company will increase and will further enhance the overall revenue of the Target Company and the net profit attributable to the Company.

Having regard to the reasons for and benefits of the Equity Purchase, the Board is of the view that the Equity Purchase and the terms of the Equity Purchase Agreement, which have been reached after arm's length negotiations between the parties, are fair and reasonable, and the Equity Purchase is on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE GROUP AND THE TRANSFEREE

The Group is principally engaged in the design and manufacture of automobile body parts and is one of the principal suppliers of automobile body parts in the PRC. The Group offers one-stop solutions to its customers, from the design and manufacture of moulds and tooling for mass production of specific products to the development and manufacture of new products which meet its customers' functional requirements and specifications.

The Transferee is a company incorporated in the PRC and a wholly-owned subsidiary of the Company, which is principally engaged in the manufacture and sales of plastic automotive products.

INFORMATION OF THE TRANSFEROR

The Transferor is a company established under the laws of Germany with limited liability, which is principally engaged in the production and distribution of textile products of all kinds, in particular composites for industrial processors, and owns 25% equity interest in the Target Company as at the date of this announcement. As at the date of this announcement, the ultimate beneficial owners of the Transferor are Ms. Irmgard Ingeborg Mutzhas-Zwissler and Mr. Frederik Ulrich Zwissler. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Transferor and its ultimate beneficial owners are Independent Third Parties.

INFORMATION OF THE TARGET COMPANY

The Target Company is a company incorporated in the PRC with limited liability, the equity interest of which is owned as to 25% by the Transferor and an Independent Third Party respectively and as to 50% by the Transferee as at the date of this announcement. Upon Completion, the Company will indirectly hold 65% equity interest in the Target Company. The Target Company is principally engaged in the manufacture and sale of auto parts, design and manufacture of high-grade textiles.

Set out below is the audited financial information of the Target Company for the two years ended 31 December 2020 and 2021, which were prepared in accordance with International Financial Reporting Standards:

	For the year ended	
	31 December	
	2020	2021
	RMB	RMB
	(audited)	(audited)
Revenue	197,963,292.45	175,419,041.20
Profit/(loss) before tax	43,652,617.66	32,532,031.40
Profit/(loss) after tax	37,104,733.05	27,487,149.41

The audited total assets of the Target Company as at 31 December 2021 was approximately RMB263 million.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio under the Listing Rules in respect of the Equity Purchase Agreement exceeds 5% but is less than 25%, the Equity Purchase constitutes a discloseable transaction for the Company and is subject to the announcement and reporting requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

Unless the context requires otherwise, capitalised terms used in this announcement shall have the meanings as follows:

“Board”	the board of Directors of the Company
“Company”	Huazhong In-Vehicle Holdings Company Limited, a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Main Board of the Stock Exchange
“Completion”	the completion of the Equity Purchase pursuant to the terms of the Equity Purchase Agreement
“Consideration”	EUR4.5 million (equivalent to approximately RMB31.9 million), being the consideration of the Equity Purchase
“Director(s)”	the director(s) of the Company
“Equity Purchase”	the proposed acquisition of the Target Equity Interest by the Transferee pursuant to the terms and conditions of the Equity Purchase Agreement
“Equity Purchase Agreement”	an equity purchase agreement dated 3 March 2022 entered into between the Transferor and the Transferee in relation to the Equity Purchase
“EUR”	Euro, the single currency of participating members of the European Union
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	a person(s) who or company(ies) which, together with their respective ultimate beneficial owner(s), are third parties independent of the Company and its connected persons (as defined under the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purpose of this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Ningbo Roekona-Zoeppritex-Tex-Line Co., Ltd.* (寧波華樂特汽車裝飾布有限公司), a company incorporated in the PRC with limited liability which is owned as to 25% by the Transferor and an Independent Third Party respectively and as to 50% by the Transferee as at the date of this announcement
“Target Equity Interest”	15% equity interest of the Target Company as at the date of the Equity Purchase Agreement
“Transferee”	Ningbo Huazhong Plastic Products Co., Ltd.*(寧波華眾塑料製品有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company

