

*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.*



**JINHENG AUTOMOTIVE SAFETY TECHNOLOGY HOLDINGS LIMITED**

**錦恆汽車安全技術控股有限公司**

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

(Stock Code: 872)

## **MEMORANDUM OF UNDERSTANDING IN RESPECT OF POSSIBLE ACQUISITION OF THE VEHICLES**

The Board announces that on 22 October 2014 (after the trading hours of the Stock Exchange), the Buyer, a wholly-owned subsidiary of the Company, entered into a non-legally binding Memorandum with the Seller in relation to the Possible Acquisition of the Vehicles.

The Vehicles comprise 18 classic and/or premium cars, which are legally and beneficially owned by the Seller as the date of this announcement.

The Board wishes to emphasize that no binding agreement in relation to the Possible Acquisition has been entered into as at the date of this announcement. As such, the Possible Acquisition may or may not proceed. If the Possible Acquisition is materialised, it may constitute a notifiable transaction on the part of the Company.

**Shareholders and investors are urged to exercise caution when dealing in the securities of the Company.** Further announcement in respect of the Possible Acquisition will be made by the Company in compliance with the Listing Rules as and when appropriate.

This announcement is made pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the SFO.

On 22 October 2014 (after the trading hours of the Stock Exchange), the Buyer, a wholly-owned subsidiary of the Company, entered into a non-legally binding Memorandum with the Seller in relation to the Possible Acquisition of the Vehicles.

## **THE MEMORANDUM**

**Date:** 22 October 2014

**Parties:** (i) the Buyer, being a wholly-owned subsidiary of the Company; and  
(ii) the Seller.

The Seller is Mr. Tang Yu Ming Nelson. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Seller is an Independent Third Party.

### **Major terms of the Memorandum**

Under the Memorandum, the Seller shall as legal and beneficial owner sell and the Buyer shall purchase the Vehicles free from all Encumbrances as at Completion. The Consideration will be subject to further negotiation between the parties thereto, which is intended to be in an aggregate sum of not exceeding HK\$65,000,000 and to be settled by the Buyer by way of cash.

### **Sale and Purchase Agreement**

The Seller and the Buyer shall negotiate in good faith towards one another in ensuring that the Sale and Purchase Agreement be entered into as soon as possible and in any event, on or before the date falling three (3) months from the date of the Memorandum or such later date as the Seller and the Buyer may agree.

The Buyer shall and shall procure that its advisers and agents shall, forthwith upon the signing of this Memorandum, conduct such inspection on the Vehicles and such due diligence review of the documents of title, license books, registration certificates, insurance certificates and other papers and documents pertaining to the Vehicles as it may consider appropriate and the Seller shall provide and procure its agents to provide such assistance as the Buyer and its adviser or agents may require in connection with such inspection and/or review.

Pursuant to the Memorandum, Completion is conditional upon, inter alia, (a) the publication of an announcement of the Company, in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder in compliance with Chapter 14 of the Listing Rules; (b) the Buyer being reasonably satisfied with the results of inspection and/or due diligence review to be conducted on the Vehicles; and (c) the obtaining of a valuation report in such form satisfactory to the Purchaser to be prepared by an independent valuer showing the Valuation to be not less than the Consideration.

### **Exclusivity**

In consideration of the expenses to be incurred by the Buyer in the negotiation of this Memorandum and in conducting its due diligence review, the Seller will not within three (3) months after the date of the Memorandum, or such later date as the Seller and the Buyer may agree, (i) solicit, initiate or encourage inquiries or offers from, or (ii) initiate or continue negotiations or discussions with or furnish any information to, or (iii) enter into any agreement or statement of intent or understanding with, any person or entity other than the Buyer with respect to the sale or other disposition of the Vehicles. If the Seller receives any such inquiry or offer, the Seller will promptly notify the Buyer.

### **Information on the Vehicles**

The Vehicles comprise 18 classic and/or premium cars manufactured in the 1930s to 2000s by the famous brands such as AC, Aston Martin, Facel Vega, Ferrari, Iso, Lamborghini, Maserati, Rolls Royce, Talbot Lago and Volvo, which are legally and beneficially owned by the Seller as at the date of this announcement.

### **Reasons for the Possible Acquisition**

The Company is an investment holding company and the Group is principally engaged in design, research and development of, manufacture and sale of automotive electronic products and automotive safety spare parts.

The Group has been actively exploring for business opportunities based on the experience and business connections of its management. The Board considers that the Possible Acquisition allows the Group to tap into the premium car (including classic car) investment and trading business and strengthens the Group's asset base and it is beneficial for the Group to seek suitable investment opportunities from time to time to diversify its existing business portfolio and to broaden the Group's source of income. Having considered the prospects of the premium car (including classic car) trading business in Hong Kong and the PRC, the Board is confident that Possible Acquisition will contribute positively to the Group and will maximize the future contribution to the Group.

In view of the continuous economic growth and the accumulation of wealth in the PRC, it is estimated that there will be a substantial increase in the number of billionaires in the PRC in the next decade. Moreover, in recent years, classic car has emerged as one of the most widespread luxury investment categories in Asia and has recorded a rapid growth in value.

With the potential of value appreciation of classic cars amongst popular luxury collectibles, the Board believes that there will be high growth potential and prospect in the premium car (including classic car) investment and trading business and the Possible Acquisition would facilitate the Company to develop its premium car (including classic car) trading business and generate recurrent revenue at the same time.

Having considered the above reasons, the Board is of the view that the entering into of the Memorandum and/or the Sale and Purchase Agreement are in the interests of the Company and the Shareholders as a whole.

## **General**

The Memorandum does not constitute legally-binding commitment in respect of the Possible Acquisition.

The Board wishes to emphasize that no binding agreement in relation to the Possible Acquisition has been entered into as at the date of this announcement. As such, the Possible Acquisition may or may not proceed. If the Possible Acquisition is materialized, it may constitute a notifiable transaction on the part of the Company pursuant to Chapter 14 of the Listing Rules. In this regard, the Company will comply with the reporting, disclosure and/or Shareholders' approval requirements under the Listing Rules.

**Shareholders and investors are urged to exercise caution when dealing in the securities of the Company.** Further announcement in respect of the Possible Acquisition will be made by the Company in compliance with the Listing Rules as and when appropriate.

## DEFINITIONS

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

“Board”	the board of Directors
“Company”	Jinheng Automotive Safety Technology Holdings Limited, a company incorporated in the Cayman Islands and the issued Shares of which are listed on the Stock Exchange
“Completion”	completion of the sale and purchase of the Vehicles in accordance with the terms and conditions of the Sale and Purchase Agreement
“Consideration”	the consideration for the sale and purchase of the Vehicles subject to the terms and conditions of the Sale and Purchase Agreement
“Directors”	directors of the Company
“Encumbrances”	any mortgage, charge, pledge, lien, (otherwise than arising by statute or operation of law), hypothecation or other encumbrance, priority or security interest, deferred purchase, title retention, leasing, sale-and-repurchase or sale-and-leaseback arrangement whatsoever over or in any property, assets or rights of whatsoever nature and includes any agreement for any of the same and “Encumber” shall be construed accordingly
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the Listing Rules

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Memorandum”	the non-legally binding memorandum of understanding dated 22 October 2014 entered into between the Buyer and the Seller setting out the preliminary understanding in relation to the Possible Acquisition
“Possible Acquisition”	the possible acquisition by the Buyer from the Seller of the Vehicles as contemplated under the Memorandum
“Purchaser”	Splendid Best International Limited, being a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Sale and Purchase Agreement”	the formal sale and purchase agreement which may or may not be entered into between the Seller and the Buyer (or its nominee) in relation to the Possible Acquisition
“Seller”	Mr. Tang Yu Ming Nelson, being an independent Third Party
“SFO”	The Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of Share(s)

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Valuation”	the value of the Vehicles as shown in the valuation report, such valuation shall be prepared by an independent valuer on such methodology, bases and assumptions as may be agreed by the Buyer
“Vehicles”	the 18 classic and/or premium cars, and together with everything belong to each of them (including but not limited to all spare wheels, tools, radio, air conditioning unit, keys, service books and all accessories) which are legally and beneficially owned by the Seller
“HK\$”	Hong Kong dollars, the lawful currency for the time being of Hong Kong

By order of the Board of  
**Jinheng Automotive Safety Technology Holdings Limited**  
**Wong Ka Ching**  
*Director*

Hong Kong, 22 October 2014

*As at the date of this announcement, the Board comprises Mr. Li Feng, Mr. Xing Zhanwu, Ms. Ng Sau Lin, Mr. Wong Ka Ching and Mr. Lam Wai Hung who are executive Directors, and Mr. Hui Hung Kwan, Mr. Wong Yuk Lun, Alan and Mr. Lim Chi Kit who are independent non-executive Directors.*