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**中國汽車內飾集團有限公司**

**CHINA AUTOMOTIVE INTERIOR DECORATION HOLDINGS LIMITED**

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

**(Stock Code: 8321)**

**VOLUNTARY ANNOUNCEMENT  
ESTABLISHMENT OF A JOINT VENTURE COMPANY**

This announcement is made by China Automotive Interior Decoration Holdings Limited (the “Company”) on a voluntary basis.

The board of directors (the “Board”) of the Company is pleased to announce that on 17 October 2012, the Company’s wholly-owned subsidiary, Joystar (Wuxi) Automotive Interior Decoration Co. Limited (“Joystar Wuxi”), entered into a joint venture agreement (the “JV Agreement”) with Samheung Co., Limited (“SAMHEUNG”) for the establishment of a joint venture company (the “JV”) to engage in the production and sale of polyester fibers used in automotive in the PRC. The main terms of the JV Agreement are summarized as follows:

**THE JV AGREEMENT**

Date: 17 October 2012

Parties: (a) Joystar Wuxi; and  
(b) SAMHEUNG

Proposed name of the JV: 楊州三興化纖有限公司 (Yangzhou Samheung Chemical Fiber Co., Limited), subject to the approval by the local industrial and commercial registration authorities

Registered capital of the JV: The total registered capital of the JV will be US\$2,500,000 (equivalent to approximately HK\$19.38 million), in which Joystar Wuxi shall contribute US\$1,000,000 (equivalent to approximately HK\$7.75 million), representing 40% of the total registered capital of the JV and SAMHEUNG shall contribute US\$1,500,000 (equivalent to approximately HK\$11.63 million), representing 60% of the total registered capital of the JV. Capital contributions shall be made in cash by the parties within three months after the issue of business license by the local industrial and commercial registration authorities.

Scope of business: The scope of business of the JV is the production and sale of polyester fibers used in automotive in the PRC.

Composition of the board of directors: The board of directors of the JV shall comprise five directors, two directors shall be nominated by Joystar Wuxi and three directors shall be nominated by SAMHEUNG. The chairman shall be nominated by SAMHEUNG and the vice-chairman shall be nominated by Joystar Wuxi.

## **SOURCE OF FUNDS**

The Board intends to source the funds required for equity contributions into the JV from internal resources of the Company and its subsidiaries (the “Group”).

## **BACKGROUND OF SAMHEUNG**

SAMHEUNG is a company established in Korea which is engaged in the production of bulky continuous filament yarn and staple fiber used in automotive/ industrial interior carpets and nonwoven geosynthetic fabric. To the best knowledge of the directors of the Company and having made all reasonable enquiries, SAMHEUNG and its ultimate beneficial owner(s) are third parties independent of and not connected with the directors, chief executive or substantial shareholder(s) of the Company or any of its subsidiaries or any of their respective associates as defined in the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”).

## **REASONS FOR THE ESTABLISHMENT OF THE JV**

The Group is principally engaged in the manufacture and sale of nonwoven fabric products used in automotive interior decoration parts. The Group also accepts sales orders on trading of nonwoven fabric. The Group’s production requires polyester fibers for the production of nonwoven fabric. The Board believes that the establishment of the JV with SAMHEUNG shall allow the Group to secure raw materials supply and accelerate the production expansion plan of the Group horizontally so as to satisfy the demand from customers.

The terms of the JV Agreement were agreed upon after arm's length negotiations between the parties. The Board considers that the terms of the JV Agreement are fair and reasonable, on normal commercial terms and in the interest of the shareholders of the Company as a whole.

## **GENERAL**

As all the applicable ratios under the JV Agreement are less than 5%, the establishment of the JV will not constitute a notifiable transaction under Chapter 19 of the GEM Listing Rules.

By Order of the Board  
**China Automotive Interior Decoration Holdings Limited**  
**Zhuang Yuejin**  
*Chairman*

Hong Kong, 17 October 2012

*In this announcement, an exchange rate of US\$1.00 to HK\$7.7515 is used for illustration purpose.*

*As at the date hereof, the executive directors are Mr. Zhuang Yuejin, Mr. Pak Ping, Ms. Ruan Bixia and Mr. Wong Ho Yin, and the independent non-executive directors are Mr. Mak Wai Ho, Dr. Tang Yanfei and Mr. Feng Xueben.*

*This announcement, for which the directors of the Company (the "Directors") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the "Latest Company Announcements" page of the website of the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited at <http://www.hkgem.com> for at least 7 days from the date of its posting and on the Company's website at <http://www.joystar.com.hk>.*