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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)

TERMINATION OF NEGOTIATION AND CHANGE IN USE OF PROCEEDS

Reference is made to the announcement of China Automotive Interior Decoration Holdings Limited (the “**Company**”) dated 26 June 2012 (the “**Announcement**”) in connection with the entering into a non-legally binding memorandum of understanding (the “**MOU**”) with an intention to acquire the patent rights of the brandname of “Capella” and technology know-how in the manufacturing of baby carriages and strollers (the “**Potential Acquisition**”), the prospectus of the Company dated 19 April 2012 (the “**First Prospectus**”) in relation to an open offer of 120,000,000 offer shares of the Company (the “**First Open Offer**”) and the prospectus of the Company dated 21 August 2012 (the “**Second Prospectus**”) in relation to an open offer of 720,000,000 offer shares of the Company (the “**Second Open Offer**”). Unless otherwise stated, capitalized terms used in this announcement shall have the same meanings as defined in the Announcement, the First Prospectus and the Second Prospectus.

TERMINATION OF NEGOTIATION

The board of directors (the “**Board**”) wishes to inform the Shareholders and potential investors that although the parties to the Potential Acquisition have undergone negotiations after the expiration of MOU, mutually acceptable terms still could not be reached.

The Board announces that the Company will not further proceed with the Potential Acquisition with the Vendor. As the MOU was expired on 10 September 2012 and non-legally binding in nature, the Board considers that there is no material impact on the existing business operations and financial positions of the Group.

CHANGE IN USE OF PROCEEDS

As disclosed in the Second Prospectus, the Group originally intended to apply approximately HK\$10.8 million of the net proceeds from the First Open Offer and approximately HK\$61.2 million of the net proceeds from the Second Open Offer for the Potential Acquisition. The total amount available for the Potential Acquisition is approximately HK\$72 million (the “**Total Proceeds**”) and has been retained in the Group’s bank account in Hong Kong. As the Potential Acquisition cannot be materialized, the Board has resolved to change the proposed use of the Total Proceeds for future possible acquisition activities as identified by the Group from time to time and/ or as the working capital of the Group.

As at the date of this announcement, no such possible acquisition activity has been identified by the Group. Shareholders and potential investors would be informed in accordance with the requirements of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited if any such acquisition opportunity is identified.

By Order of the Board

China Automotive Interior Decoration Holdings Limited

Zhuang Yuejin

Chairman

Hong Kong, 10 January 2013

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>.