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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)

DISCLOSABLE TRANSACTION
ESTABLISHMENT OF JOINT VENTURE

The board of directors (the “**Board**”) of China Automotive Interior Decoration Holdings Limited (the “**Company**”) is pleased to announce that on 11 March 2013, the Company’s wholly-owned subsidiary, Joystar (Wuxi) Automotive Interior Decoration Co. Limited (“**Joystar Wuxi**”), entered into a joint venture agreement (“**JV Agreement**”) with Qingdao Qingfeng Nonwoven Technology Co. Ltd (“**Qingdao Qingfeng**”) for the establishment of a joint venture company (“**JV**”) to engage in the production and sale of environmental-friendly interior decoration materials and filtering materials for using in automotive in the PRC.

THE JOINT VENTURE AGREEMENT

Date: 11 March 2013

Parties: (a) Joystar Wuxi; and

(b) Qingdao Qingfeng

Proposed name of the JV: 無錫怡青新材料科技有限公司, subject to the approval by the local industrial and commercial registration authorities

Registered capital of the JV:	<p>The registered capital of the JV will be RMB60,000,000 (equivalent to approximately HK\$74.1 million), in which Joystar Wuxi shall contribute RMB18,000,000 (equivalent to approximately HK\$22.2 million), representing 30% of the registered capital of the JV and Qingdao Qingfeng shall contribute RMB42,000,000, representing 70% of the registered capital of the JV. Capital contributions shall be made in cash by the parties.</p> <p>The registered capital will be contributed in two instalments. 20% of the registered capital of the JV shall be injected by each of the parties during the establishment of the JV, whereas the remaining 80% shall be injected within two years from the date of the establishment of the JV.</p> <p>Upon formation, the JV will be accounted for as an associate company of the Company on equity accounting basis.</p>
Scope of business:	The scope of business of the JV is the production and sale of environmental-friendly interior decoration materials and filtering materials for using 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 Qingdao Qingfeng.

SOURCE OF FUNDS

The Board intends to source the funds required for equity contributions into the JV from internal resources and/or external financing if necessary.

BACKGROUND OF QINGDAO QINGFENG

Qingdao Qingfeng is a wholly-owned subsidiary of Qingdao Textile Machinery Co., Limited (“**Qingdao Textile**”). Qingdao Textile is a joint stock limited company established in the PRC and is principally engaged in the manufacture and sale of the machinery and equipment specifically for use in the textile industry. To the best knowledge of the directors of the Company and having made all reasonable enquiries, Qingdao Qingfeng 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 (“**GEM Listing Rules**”).

REASONS FOR THE ESTABLISHMENT OF JOINT VENTURE

The Group is principally engaged in the manufacture and sale of nonwoven fabric products used in automotive interior decoration parts. The Group has been proactive in seeking opportunities for expanding its business. The Group believes that the establishment of the JV with a machinery manufacturer, Qingdao Qingfeng, is in line with the corporate strategy of the Group that enable the Group to obtain new technological know-how in manufacturing to capture additional market shares, further expand the Group's market influence in the nonwoven products used in automotive in the PRC and bring greater returns to the shareholders of the Company.

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

Given that the applicable ratios under the JV Agreement exceed 5% but less than 25%, the establishment of the JV constitutes a disclosable transaction under Chapter 19 of the GEM Listing Rules and is subject to the notification and announcement requirements of the GEM Listing Rules.

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

Hong Kong, 11 March 2013

In this announcement, an exchange rate of RMB1.00 to HK\$1.235 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>.