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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
ACQUISITION OF 100% INTEREST IN TARGET COMPANY

On 26 March 2013, the Purchaser and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Purchaser conditionally agreed to purchase from the Vendor, and the Vendor conditionally agreed to sell to the Purchaser, the Sale Share, representing the entire issued share capital of the Target Company, at a consideration of HK\$28 million, which will be satisfied by cash. Upon Completion, the Company will hold 100% interest in the Target Company and the Target Company will become a subsidiary of the Company.

Given that the applicable ratios under the Acquisition exceed 5% but less than 25%, the Acquisition 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.

As Completion is subject to the fulfillment of conditions precedent, the issue of this announcement should not be regarded in any way as implying that the Acquisition will be completed. Therefore, the Shareholders and potential investors in general should exercise caution when dealing in the Shares.

THE ACQUISITION

On 26 March 2013 (after trading hours of the Stock Exchange), the Purchaser and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Purchaser conditionally agreed to purchase from the Vendor, and the Vendor conditionally agreed to sell to the Purchaser, the Sale

Share, representing the entire issued share capital of the Target Company, at a consideration of HK\$28 million, which will be satisfied by cash as follows:

- (a) as to HK\$2.8 million as refundable deposit within 3 (three) Business Days of the execution of the Sale and Purchase Agreement, and
- (b) as to HK\$25.2 million as the final balance upon Completion.

The Sale and Purchase Agreement

Date: 26 March 2013

Parties

Purchaser: Joystar (BVI) Auto Inter-Parts Limited, a directly wholly-owned subsidiary of the Company

Vendor: Longlife Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the GEM (Stock Code: 8037)

To the best knowledge, information and belief of the Directors having made all reasonable enquiry and so far as the Directors are aware, the Vendor is an Independent Third Party.

Assets to be acquired

The Sale Share represents the entire issued share capital of the Target Company.

Upon Completion, the Company will hold 100% interest in the Target Company and the Target Company will become a subsidiary of the Company.

Consideration

The consideration for the sale and purchase of the Sale Share is HK\$28 million, which will be satisfied by the Company as to HK\$2.8 million as refundable deposit in cash paid within 3 (three) Business Days from the date of the Sale and Purchase Agreement and as to HK\$25.2 million in cash as the final balance upon Completion. The deposit shall be refunded by the Vendor to the Company within 5 (five) Business Days if the Sale and Purchase Agreement is terminated.

The consideration was arrived at after arm's length negotiations between the Company and the Vendor, with reference to (i) the payment term of the consideration of the Acquisition; (ii) the business and growth prospects of the Group after the Acquisition; and (iii) the reasons for the Acquisition as disclosed herein below.

Conditions precedent

Completion of the sale and purchase of the Sale Share is conditional upon, among other things, the satisfaction of the following conditions:

- (a) the passing by the shareholders of the Vendor in general meeting of an ordinary resolution approving the Sale and Purchase Agreement and the transactions contemplated hereunder in accordance with the requirements of GEM Listing Rules, the constitution of the Vendor and applicable laws and regulations;
- (b) the Purchaser having completed and being satisfied with the results of its due diligence review; and
- (c) the Purchaser having obtained all other necessary consents, approvals or waivers which may be required for the execution and performance of the Sale and Purchase Agreement.

The Purchaser has absolute discretion to waive condition (b). The above conditions precedent are required to be fulfilled or waived (as the case may be) on or before the Long Stop Date.

Completion

Completion shall take place within 5 (five) Business Days after the date on which the last of the conditions to be satisfied shall have been so satisfied or waived (as the case may be) or such other date as the Company and the Vendor may agree in writing.

INFORMATION OF THE TARGET GROUP

The Target Company is an investment holding company and it owns the entire issued share capital of Splendid Sun Limited, a company incorporated in Hong Kong. Splendid Sun Limited owns all the equity interest in 朗滿貿易(上海)有限公司 which is a wholly owned foreign enterprise established in the PRC. The Target Group is principally engaged in trading of synthetic rubber.

Financial information on the Target Group

The audited consolidated net liabilities of the Target Group as at 30 September 2012 is approximately HK\$16,000.

The audited consolidated net profit before and after taxation and extraordinary items of the Target Group for the year ended 30 September 2012 are approximately HK\$2,000 and HK\$2,000 respectively.

REASONS FOR THE ACQUISITION

The Company is an investment holding company. The principal activities of the Group are manufacture and sale of nonwoven fabric products used in automotive interior decoration parts. It is the Group's objective to pursue its existing business and at the same time, to actively seek opportunities to diversify its existing business in order to reduce business risk.

Rubber related products have been broadly used for automotive parts, such as ties and seal circle. The Group considered that as supported by robust economic growth, China is still a major driver for rubber trading. In addition, the trading of rubber will yield stable return with a lower risk level. Since last quarter of 2012, the Group commenced trading of rubber and which contributed a stable turnover to the Group during 2012. Therefore, the Group is dedicating to step further into the business of trading of rubber in order to bring greater returns to the Shareholders in long term.

The Target Group established its rubber trading networks in the PRC. The Board has reviewed the background of the management team of the Target Group and considers the Acquisition is in line with the business strategy of the Group and will provide an excellent opportunity for the Group to strengthen the future income stream of the Group. The Group expected that after the Acquisition, the resources, including customer bases, business networks, and sales team of the Target Group and the Group may be pooled together to provide synergy effect in the business of trading of rubber.

The Directors (including the independent non-executive Directors) consider the Acquisition has been made on normal commercial terms and that such terms are fair and reasonable as far as the Company and the Shareholders are concerned and that the Acquisition is in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE ACQUISITION

Upon Completion, the Company will hold 100% interest in the Target Company and the Target Company will become a subsidiary of the Company. On the assumption that the Acquisition would be duly completed pursuant to the Sale and Purchase Agreement, it was agreed that the Company will take up all the financial results and position of the Target Group commencing from 1 April 2013 while the Company will consolidate the Target Group from 1 April 2013. There will be no effect on total assets and net assets of the Group immediate after the Acquisition.

The Board intends to source the funds required for the Acquisition from internal resources.

IMPLICATIONS OF THE ACQUISITION UNDER THE GEM LISTING RULES

Given that the applicable ratios under the Acquisition exceed 5% but less than 25%, the Acquisition 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.

As Completion is subject to the fulfillment of conditions precedent, the issue of this announcement should not be regarded in any way as implying that the Acquisition will be completed. Therefore, the Shareholders and potential investors in general should exercise caution when dealing in the Shares.

DEFINITIONS

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

“Acquisition”	acquisition of the Sale Share pursuant to the provisions of the Sale and Purchase Agreement
“Board”	board of Directors
“Business Days”	a day (other than a Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Company”	China Automotive Interior Decoration Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose Shares are listed on the GEM (Stock Code: 8321)
“Completion”	completion of the Sale and Purchase Agreement
“Directors”	director(s) of the Company
“GEM”	the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited
“GEM Listing Rules”	Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	a party and, if applicable, the ultimate beneficial owner of the party who is not fallen into the definition of connected persons of the Company under Chapter 20 of the GEM Listing Rules and independent of the connected persons of the Company and their associates (as defined in the GEM Listing Rules)

“Long Stop Date”	being 28 June 2013 or such other date as the Company and the Vendor may agree in writing
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Taiwan and the Macau Special Administrative Region of the People’s Republic of China
“Purchaser”	Joystar (BVI) Auto Inter-Parts Limited, a directly wholly-owned subsidiary of the Company
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 26 March 2013 entered into between, among others, the Company and the Vendor in relation to the sale and purchase of the Sale Share
“Sale Share”	1 ordinary share of US\$1 in the share capital of the Target Company, representing its entire issued share capital
“Shareholders”	holders of Shares
“Shares”	ordinary shares of HK\$0.1 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Sinogate Energy Limited, a company incorporated in the British Virgin Islands with limited liability and a directly wholly-owned subsidiary of the Vendor
“Target Group”	Target Company and its subsidiaries
“Vendor”	Longlife Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the GEM (Stock Code: 8037)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“US\$” United States dollars, the lawful currency of the United States of America

“%” per cent.

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

Hong Kong, 26 March 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>.