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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the "Directors") of China Automotive Interior Decoration Holdings Limited (the "Company") 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 (the "GEM Listing Rules") 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.

ANNUAL RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

The board of Directors (the "Board") of China Automotive Interior Decoration Holdings Limited (the "Company") is pleased to announce the following audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2012 together with the comparative figures for the preceding financial year ended 31 December 2011.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2012

	Note	**2012** **RMB'000**	2011 *RMB'000*
Revenue	*5*	**166,906**	156,476
Cost of sales		**(138,500)**	(114,470)
Gross profit		**28,406**	42,006
Other income		**4,776**	998
Selling and distribution costs		**(7,316)**	(7,749)
Administrative expenses		**(11,840)**	(11,290)
Profit from operations	*6*	**14,026**	23,965
Finance costs	*7*	**(1,731)**	(1,490)
Profit before tax		**12,295**	22,475
Income tax expense	*8*	**(1,497)**	(3,624)
Profit for the year attributable to the owners of the Company		**10,798**	18,851
Earnings per share		***RMB***	*RMB*
— Basic	*9*	**2.0 cents**	9.1 cents
— Diluted	*9*	**2.0 cents**	9.1 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

	2012	2011
	RMB'000	*RMB'000*
Profit for the year	**10,798**	18,851
Other comprehensive loss, net of income tax:		
Exchange differences on translating foreign operations	**(85)**	(33)
Total comprehensive income for the year attributable to the owners of the Company	**10,713**	18,818

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2012

	Note	2012 RMB'000	2011 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		**40,146**	42,253
Prepaid land lease payments		**2,917**	2,990
Deferred tax assets		**1,036**	854
		44,099	46,097
Current assets			
Prepaid land lease payments		**73**	73
Inventories		**15,555**	13,806
Trade receivables	*11*	**64,678**	60,109
Note receivables		**8,730**	3,400
Prepayments, deposits and other receivables		**21,184**	15,258
Held-for-trading investments		**4,405**	—
Cash and bank balances		**82,132**	16,387
		196,757	109,033
Total assets		**240,856**	155,130
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital	*12*	**89,086**	20,552
Reserves		**98,908**	92,022
Total equity		**187,994**	112,574

	Note	**2012**	2011
		RMB'000	*RMB'000*
LIABILITIES			
Current liabilities			
Trade payables	*13*	**17,410**	10,374
Accruals and other payables		**5,397**	4,950
Borrowings	*14*	**29,500**	25,000
Finance lease payables		**—**	209
Tax payable		**555**	2,023
Total liabilities		**52,862**	42,556
Total equity and liabilities		**240,856**	155,130
Net current assets		**143,895**	66,477
Total assets less current liabilities		**187,994**	112,574

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2012

	Share capital *RMB'000*	Share premium *RMB'000*	Merger reserve *RMB'000*	Foreign currency translation reserve *RMB'000*	Statutory reserve *RMB'000*	Retained profits *RMB'000*	Total equity *RMB'000*
At 1 January 2011	17,275	18,565	5,992	2,690	5,464	36,364	86,350
Profit for the year	—	—	—	—	—	18,851	18,851
Other comprehensive loss for the year, net of income tax:							
Exchange differences on translating foreign operations	—	—	—	(33)	—	—	(33)
Total comprehensive (loss)/ income for the year	—	—	—	(33)	—	18,851	18,818
Placing of shares	3,277	4,915	—	—	—	—	8,192
Share issue expenses	—	(786)	—	—	—	—	(786)
Transfer to statutory reserve	—	—	—	—	2,217	(2,217)	—
At 31 December 2011 and 1 January 2012	20,552	22,694	5,992	2,657	7,681	52,998	112,574
Profit for the year	—	—	—	—	—	10,798	10,798
Other comprehensive loss for the year, net of income tax:							
Exchange differences on translating foreign operations	—	—	—	(85)	—	—	(85)
Total comprehensive (loss)/ income for the year	—	—	—	(85)	—	10,798	10,713
Open offer of shares	68,534	—	—	—	—	—	68,534
Share issue expenses	—	(3,827)	—	—	—	—	(3,827)
Transfer to statutory reserve	—	—	—	—	746	(746)	—
At 31 December 2012	**89,086**	**18,867**	**5,992**	**2,572**	**8,427**	**63,050**	**187,994**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2012

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 9 December 2009 with limited liability. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The address of the Group's principal place of business is located at No. 28 Xinfeng Road, Xinfeng Industrial Park, Fangqian Town, New District, Wuxi City, Jiangsu Province, the People's Republic of China (the "PRC").

The principal activity of the Company is investment holding. The Group is principally engaged in the manufacture and sale of nonwoven fabric products used in automotive interior decoration parts and infrastructure and trading of rubber.

The consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousands, except when otherwise indicated.

The shares of the Company were listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 29 September 2010 (the "Listing Date").

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRs"), which is a collective term that includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations (the "Interpretations") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and accounting principles generally accepted in Hong Kong, in addition, the consolidated financial statements include applicable disclosures required by the Hong Kong Companies Ordinance and by the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the "GEM Listing Rules").

The consolidated financial statements have been prepared on the historical cost basis, except certain financial instruments are stated at their fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all of the new and revised standards, amendments and interpretations ("new HKFRSs") issued by the HKICPA that are relevant to its operations and effective for annual periods beginning on or after 1 January 2012.

HKFRS 1 (Amendments)	First-time Adoption of Hong Kong Financial Reporting Standards — Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 (Amendments)	Financial Instruments: Disclosures — Transfers of Financial Assets
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets

The Directors anticipate that the application of these new HKFRSs has no material impact on the results and the financial position of the Group.

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these consolidated financial statements:

HKFRS 1 (Amendments)	Government Loan[2]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[4]
(Amendments)	Disclosures — Offsetting Financial Assets and Financial Liabilities[2]
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[2]
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities[3]
HKAS 19 (as revised in 2011)	Employee Benefits[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[2]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[2]
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[1]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[3]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2009-2011 Cycle[2]
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]

1 effective for annual periods beginning on or after 1 July 2012
2 effective for annual periods beginning on or after 1 January 2013
3 effective for annual periods beginning on or after 1 January 2014
4 effective for annual periods beginning on or after 1 January 2015

HKFRS 9 Financial Instruments

HKFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in November 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent reporting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under

HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

The directors anticipate that the adoption of HKFRS 9 in the future may have a significant impact on the amounts reported in respect of the Group's financial assets and financial liabilities (e.g. the Group's available-for-sale investments may have to be measured at fair value at the end of subsequent reporting periods, with changes in the fair value being recognised in profit or loss). Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements. HK (SIC)-Int 12 Consolidation — Special Purpose Entities will be withdrawn upon the effective date of HKFRS 10. Under HKFRS 10, there is only one basis for consolidation, that is, control. In addition, HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 Interests in Joint Ventures. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. HK (SIC)-Int 13 Jointly Controlled Entities — Non-monetary Contributions by Venturers will be withdrawn upon the effective date of HKFRS 11. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate consolidation.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these five HKFRSs for the first time.

These five standards, together with the amendments relating to the transitional guidance, are effective for annual periods beginning on or after 1 January 2013 with earlier application permitted provided all of these standards are applied at the same time.

The directors anticipate that the application of these five standards will have no impact to the Group's consolidated financial statements.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 Financial Instruments: Disclosures will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that the application of the new standard may affect certain amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

HKFRS 7 and HKAS 32 (Amendments) Offsetting Financial Assets and Financial Liabilities and the related disclosures

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments to HKFRS 7 are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

The directors anticipate that the application of these amendments to HKAS 32 and HKFRS 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

HKAS 1 (Amendments) Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis. The amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

Annual Improvements to HKFRSs 2009-2011 Cycle issued in June 2012

The Annual Improvements to HKFRSs 2009-2011 Cycle include a number of amendments to various HKFRSs. The amendments are effective for annual periods beginning on or after 1 January 2013. Amendments to HKFRSs include:

- amendments to HKAS 1 Presentation of Financial Statements;

- amendments to HKAS 16 Property, Plant and Equipment; and

- amendments to HKAS 32 Financial Instruments: Presentation.

HKAS 1 (Amendments)

HKAS 1 requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position). The amendments to HKAS 1 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position.

HKAS 16 (Amendments)

The amendments to HKAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in HKAS 16 and as inventory otherwise. The directors do not anticipate that the amendments to HKAS 16 will have a significant effect on the Group's consolidated financial statements.

HKAS 32 (Amendments)

The amendments to HKAS 32 clarify that income tax on distributions to holders of an equity instrument and transaction costs of an equity transaction should be accounted for in accordance with HKAS 12 Income Taxes. The directors anticipate that the amendments to HKAS 32 will have no effect on the Group's consolidated financial statements.

4. SEGMENT INFORMATION

Information reported to the directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. During the year ended 31 December 2011, the executive directors have identified the Group's operating is regarded as a single business segment, which is the manufacture and sale of nonwoven fabric products used in automotive interior decoration parts and infrastructure. During the year ended 31 December 2012, the Group has entered into a new operating segment "supply and procurement operation".

The Group's operating and reportable segments are as follows:

(i) the manufacture and sale of nonwoven fabric products used in automotive interior decoration parts and infrastructure; and

(ii) the supply and procurement operation segment including trading of rubber.

Segment revenue and results

	Supply and procurement operation		**Manufacture and sale of nonwoven fabric products**		**Total**	
	2012	2011	**2012**	2011	**2012**	2011
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Segment revenue:						
Sales to external customers	**6,673**	—	**160,233**	156,476	**166,906**	156,476
Segment results	**5**	(13)	**14,036**	27,631	**14,041**	27,618
Unallocated corporate income					**2,875**	43
Unallocated corporate expenses					**(2,890)**	(3,696)
					14,026	23,965
Finance costs					**(1,731)**	(1,490)
Profit before tax					**12,295**	22,475

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales for the years ended 31 December 2011 and 2012.

Segment results represents the profit/(loss) from each segment without allocation of bank interest income, realised gain on held-for-trading investments, unrealised gain on held-for-trading investments, central operating expenses including staff costs, finance costs and income tax expense. This is the measure reported to the chief operating decision marker for the purpose of resource allocation and assessment of segment performance.

Segment assets and liabilities

	Supply and procurement operation		Manufacture and sale of nonwoven fabric products		Total	
	2012	2011	**2012**	2011	**2012**	2011
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
ASSETS						
Segment assets	**8,157**	3	**170,414**	149,169	**178,571**	149,172
Unallocated corporate assets					**62,285**	5,958
Total assets					**240,856**	155,130
LIABILITIES						
Segment liabilities	—	—	**52,308**	42,205	**52,308**	42,205
Unallocated corporate liabilities					**554**	351
Total liabilities					**52,862**	42,556

For the purpose of monitoring segment performance and allocating resources between segments:

— all assets are allocated to reportable segment other than held-for-trading investments and corporate financial assets including cash and bank balance.

— all liabilities are allocated to reportable segments other than corporate financial liabilities including accruals and other payables.

Other segment information

The following is analysis of the Group's other segment information:

	Supply and procurement operation		Manufacture and sale of nonwoven fabric products		Total	
	2012	2011	**2012**	2011	**2012**	2011
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Capital expenditure	—	—	**2,606**	17,663	**2,606**	17,663
Depreciation of property, plant and equipment	—	—	**4,479**	3,415	**4,479**	3,415
Amortisation of prepaid land lease payments	—	—	**73**	73	**73**	73
Inventories written off	—	—	**410**	294	**410**	294
Impairment loss recognised in respect of trade receivables	—	—	**117**	246	**117**	246

Revenue from major products and services

Information about product is set out in Note 5.

Geographical information

The Group's operation are located in Hong Kong and the PRC.

The Group's revenue from external customers and information about its non-current by geographical location are detailed below.

	Revenue from external customers		Non-current assets*	
	2012	2011	**2012**	2011
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
The PRC	**160,233**	156,476	**43,029**	45,243
Hong Kong	**6,673**	—	**34**	—
	166,906	156,476	**43,063**	45,243

* Non-current assets excluding deferred tax assets.

Information about major customers

For the year ended 31 December 2012, revenue generated from three (2011: four) customers of the Group amounting to RMB79,046,000 (2011: RMB92,295,000) has individually accounted for over 10% of the Group's total revenue. No other single customer contributed 10% or more to the Group's revenue for both years ended 31 December 2012 and 2011.

Revenue from major customers, each of them amounted to 10% or more of the Group's revenue, are set out below:

	2012	2011
	RMB'000	*RMB'000*
Customer A	**37,255**	30,376
Customer B	**23,031**	22,124
Customer C	**18,760**	17,059
Customer D	—	22,736

5. REVENUE

The Group's revenue represents sales of nonwoven fabric products used in automotive interior decoration parts and in infrastructure and sales of rubber.

An analysis of revenue is as follows:

	2012	2011
	RMB'000	*RMB'000*
Nonwoven fabric for use in automobiles		
— Sale of automotive floor carpets	**90,234**	96,771
— Sale of other automotive parts	**69,999**	56,121
Nonwoven fabric for use in infrastructure	**—**	3,584
Sales of rubber	**6,673**	—
	166,906	156,476

6. PROFIT FROM OPERATIONS

The Group's profit from operations is stated after charging the following:

	2012	2011
	RMB'000	*RMB'000*
Auditors' remuneration	**473**	482
Amortisation of prepaid land lease payments	**73**	73
Depreciation of property, plant and equipment	**4,479**	3,415
Operating lease rentals in respect of rented premises	**137**	942
Staff costs (including directors' remuneration):		
— Salaries and other benefits	**9,388**	10,666
— Retirement benefits scheme contributions	**2,815**	2,654
Cost of inventories recognised as cost of sales	**116,347**	89,446
Loss on disposal of property, plant and equipment	**34**	47
Inventories written off	**410**	294
Impairment loss recognised on trade receivables	**117**	246
Research and development expenditure *(Note)*	**6,470**	4,973

Note:

The amount included in cost of sales for the year amounted to approximately RMB6,470,000 (2011: RMB4,973,000).

7. FINANCE COSTS

	2012	2011
	RMB'000	*RMB'000*
Interest expenses on the bank borrowings wholly repayable within five years	**1,724**	1,464
Finance lease charges	**7**	26
	1,731	1,490

8. INCOME TAX EXPENSE

	2012	2011
	RMB'000	*RMB'000*
Current tax		
Hong Kong	**398**	—
PRC enterprise income tax ("**EIT**")	**1,564**	4,056
	1,962	4,056
Over provision in previous years		
PRC EIT	**(283)**	(341)
Deferred tax		
Current year	**(182)**	(91)
	1,497	3,624

Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands and BVI.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the year ended 31 December 2012. No provision for Hong Kong Profits Tax is required since the Group has no assessable profit in Hong Kong during the year ended 31 December 2011.

PRC EIT is calculated at the applicable rates based on estimated taxable income earned by the PRC subsidiary of the Group with certain tax preference, based on existing legislation, interpretation and practice in respect thereof.

Pursuant to the enterprise income tax rules and regulations of the PRC, the applicable PRC EIT rate of the Group's PRC subsidiary is 25%.

Pursuant to PRC Enterprise Income Tax Law, an innovative and high-end technology enterprise may enjoy a preferential enterprise income tax rate of 15% ("IHT Enterprise Rate"). On 22 December 2009, Joystar Wuxi obtained the "Certificate of Innovative and High-end Technology Enterprise" with validity period of three years. The IHT Enterprise Rate enjoyed by Joystar Wuxi was expired in December 2012. Joystar Wuxi has obtained the Certificate of Innovative and High-end Technology Enterprise in November 2012 and Joystar Wuxi also was in progress to apply the IHT Enterprise Rate. Consequently, the applicable income tax rate of Joystar Wuxi for the year ended 31 December 2012 is 15% (2011: 15%).

9. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company of approximately RMB10,798,000 (2011: RMB18,851,000) and the weighted average number of ordinary shares of 532,131,148 (2011: 206,356,164) in issue during the year.

Diluted earnings per share

For the years ended 31 December 2012 and 2011, diluted earnings per share are the same as the basic earnings per share as the Company did not have any dilutive potential ordinary shares during the years ended 31 December 2012 and 2011.

10. DIVIDEND

The directors do not recommend the payments of any dividend in respect of the year ended 31 December 2012 (2011: Nil).

11. TRADE RECEIVABLES

The aging analysis of trade receivables, based on the invoice date, and net of allowance for doubtful debts, is as follows:

	The Group	
	2012	2011
	RMB'000	*RMB'000*
0 to 90 days	**53,581**	49,203
91 to 180 days	**7,327**	10,733
181 to 365 days	**3,770**	173
	64,678	60,109

The Group's trading terms with customers are mainly on credit. The credit terms generally ranging from 30 to 120 days (2011: ranging from 30 days to 120 days), depending on the creditworthiness of customers and the existing relationship with the Group. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest bearing.

12. SHARE CAPITAL

	Note	Number of shares	Amount HK$'000	Amount RMB'000
Authorised:				
Ordinary shares of HK$0.1 each				
At 1 January 2011, 31 December 2011, 1 January 2012 and 31 December 2012		10,000,000,000	1,000,000	863,495
Issued and fully paid:				
Ordinary shares of HK$0.1 each				
At 1 January 2011		200,000,000	20,000	17,275
Issue of shares by way of placing	*(a)*	40,000,000	4,000	3,277
At 31 December 2011 and 1 January 2012		240,000,000	24,000	20,552
Issue of shares by way of open offer	*(b)*	840,000,000	84,000	68,534
At 31 December 2012		**1,080,000,000**	**108,000**	**89,086**

Note:

(a) On 3 November 2011, the Company issued 40,000,000 shares of HK$0.1 each at the price of HK$0.25 each by way of placing.

(b) On 14 May 2012, the Company raised 120,000,000 offer shares of HK$0.1 each by way of open offer on the basis of one offer share for every two existing shares held on the record date.

On 12 September 2012, the Company raised 720,000,000 offer shares of HK$0.1 each by way of open offer on the basis of two offer shares for every one existing share held on the record date.

13. TRADE PAYABLES

The aging analysis of trade payables, based on the invoice dates, is as follows:

	The Group	
	2012	2011
	RMB'000	*RMB'000*
0 to 90 days	**13,881**	8,256
91 to 180 days	**1,677**	561
181 to 365 days	**1,604**	1,138
Over 365 days	**248**	419
	17,410	10,374

14. BORROWINGS

	The Group	
	2012	2011
	RMB'000	*RMB'000*
Current		
Short-term bank loans, secured	**29,500**	25,000

The maturities of the above borrowings are as follows:

	2012	2011
	RMB'000	*RMB'000*
Carrying amount repayable:		
On demand or within one year	**29,500**	25,000
Less: Amounts shown under current liabilities	**(29,500)**	(25,000)
Amount due after one year	**—**	—

MANAGEMENT'S DISCUSSION AND ANALYSIS

Business Review

The Group is principally engaged in the manufacture and sale of nonwoven fabric products used in automotive interior decoration parts. The Group mainly manufactures its products with single layer or multiple layers of nonwoven fabric in accordance with specific requirements and standards of different customers. Most of the Group's customers are primary manufacturers and suppliers of automotive parts in the PRC. The majority of the Group's products are further processed by these customers in order to make different automotive parts such as floor, head lining, seat cover, parcel tray, trunk, luggage-side trim, hubcap and car-mat, which are of different characteristics and are to be applied for different usages in passenger vehicles.

According to the statistics released from China Association of Automobile Manufacturers ("CAAM"), the production and sales of passenger vehicles were approximately 15,523,000 units and 15,495,000 units respectively during 2012, representing an increase of approximately 7.2% and 7.0%. These favorable growth in passenger vehicles market resulted in a stable demand for automotive interior decoration materials of the Group during 2012.

However, as a result of various regulations and standards imposed upon the automotive industry, such as environmental protection and safety requirements, some of the Group's major customers changed its product specification requirements during the year. To enhance our competitiveness, the Company had to procure higher grade of raw materials to maintain relationship with customers, causing an increase in cost of raw materials. To overcome the increased cost of production in long-term, the Group deployed more resources to research and development in order to improve production efficiency and reduce the consumption of the raw materials. During the year ended 31

December 2012, the Group incurred a cost of approximately RMB6.5 million for the research and development. Some of outcomes of research and development are expected to achieve an effect of cost saving. For example, the Group has developed fire resistant glue for the production of nonwoven fabric and reduced the total cost of glue and fire resistant materials if purchased separately. As most of the outcomes of research and development are achieved during late 2012, the cost saving effect cannot be reflected in the result during the year ended 31 December 2012.

Upgrading of production process

On 23 March 2012, the Group entered into a technical service agreement with Donghua University, pursuant to which the university will provide technical services to help the Group on upgrading its existing manufacturing technology and process and to assist the Group in the research and development of, among others, recyclable, biodegradable and functional nonwoven fabric products together with the corresponding processing technology.

Achievements on research and development

With the Group's effort in research and development, various types of new products and technologies have been developed over the past years. During 2012, the Group successfully registered 7 utility model patents which have a symbolic meaning of recognition of the Group's effort in research and development and have facilitated and guaranteed the Group's production quality. The Group's effort in research and development was further acknowledged when the Group obtained the Certificate of Innovative and High-end Technology Enterprise in November 2012.

Formation of joint venture company

On 17 October 2012, the Group entered into a joint venture agreement with a sizeable Korean company, pursuant to which a joint venture company was established to engage in the production and sale of polyester fibers used in automobiles in the PRC. As the Group requires polyester fibers for the production of nonwoven fabric. The Group expected that the joint venture will allow the Group to secure raw materials supply and accelerate the production expansion plan of the Group horizontally.

Diversification of new business

It is the Group's objective to pursue its existing business and at the same time, to actively seek opportunities to diversify its existing principal business in order to reduce business risk. Recently, rubber related products have been broadly used for automotive parts, such as tines and seal circle. During the last quarter of 2012, the Group allocated its resource on rubber trading which brought turnover of approximately RMB6.7 million for the year ended 31 December 2012.

Important events after the year end date

In order to further expand the Group's market influence in the nonwoven products used in automobiles in the PRC, on 11 March 2013, the Group entered into a joint venture agreement with a machinery manufacturer, pursuant to which a joint venture company was established to engage in the production and sale of environmental-friendly interior decoration materials and filtering materials for using in automobiles in the PRC.

On 26 March 2013, the Group entered into a sale and purchase agreement pursuant to which the Group acquired the entire business of trading of synthetic rubber at a consideration of HK$28 million for the purpose of strengthening the future income stream of the Group's existing business of rubber trading.

Financial Review

Revenue

The Group's revenue for the years ended 31 December 2012 and 2011 was illustrated as follows:

	Year ended 31 December	
	2012	2011
	RMB'000	*RMB'000*
Nonwoven fabric for using in automobiles		
Sale of automotive floor carpets	**90,234**	96,771
Sale of other automotive parts	**69,999**	56,121
Nonwoven fabric for using in infrastructure	**—**	3,584
Sales of rubber	**6,673**	—
	166,906	156,476

For the year ended 31 December 2012, the Group's revenue increased to approximately RMB166.9 million, compared to approximately RMB156.5 million in 2011, representing an increase of approximately 6.7%. The increase in the Group's revenue was mainly attributable to the increase in demand of the Group's products under the stable growth of production and sales of passenger vehicles in the PRC. Furthermore, as most of the Group's customers supplied their products to Korean brand automotive manufacturers, the continuous growth in sales of Korean brand passenger vehicles also contributed to a growth of business of the Group. In addition, the Group commenced the business of sales of rubber during the last quarter of 2012 and recorded an turnover of approximately RMB6.7 million for the year ended 31 December 2012.

Gross profit

The gross profit of the Group decreased by approximately RMB13.6 million from approximately RMB42.0 million in 2011 to approximately RMB28.4 million in 2012. The decrease was mainly attributable to the increase in cost of raw materials and recognized of research and development expenditure of approximately RMB6.5 million. To enhance quality of the product to fulfil the changing requirements, the Group acquired higher grade of materials and therefore increased its overall materials costs during 2012. Furthermore, the Group realized the importance of research and development on new products and the manufacturing process will enhance the sustainability of the Group's business. During 2012, the Group deployed more resources to research and development and therefore recorded an increase in cost of sales and a decrease in gross profit of the Group.

Other income

The Group's other income increased by approximately RMB3.8 million from approximately RMB1.0 million for the year ended 31 December 2011 to approximately RMB4.8 million for the year ended 31 December 2012. The substantial increase was mainly due to an increase in technical support income of RMB0.8 million and gain on held-for-trading investments during the year.

Selling and distribution costs

The selling and distribution costs decreased by approximately RMB0.4 million from approximately RMB7.7 million in the year ended 31 December 2011 to RMB7.3 million in the year ended 31 December 2012. The decrease was mainly due to the reduction of transportation costs of the Group.

Administrative expenses

The administrative expenses increased by approximately RMB0.5 million from approximately RMB11.3 million in the year ended 31 December 2011 to approximately RMB11.8 million in the year ended 31 December 2012. The increase was principally attributable to the increase in the Group's professional fee in relation to compliance of the Group's corporate governance issue and the payment of technicial services expense to Donghua University to upgrade the manufacturing process of the Group.

Finance costs

The finance costs increased by approximately RMB0.2 million from approximately RMB1.5 million in the year ended 31 December 2011 to approximately RMB1.7 million in the year ended 31 December 2012. The increase was mainly due to the increase in interest expense during the year.

Profit attributable to the owners of the Company

The profit attributable to the owners of the Company was approximately RMB10.8 million for the year of 2012, compared with approximately RMB18.9 million for the corresponding year of 2011. The decrease was mainly due to a decrease in profit margin of the Group's nonwoven business.

Outlook

The Group entered into the master purchasing agreements with some major customers that intending to increase the purchasing quantities in 2013. In addition, the Group's committed efforts in research and development in the use of new materials and improvement of production technologies have yielded successful results in late 2012. Such efforts will also be carried on in the manufacturing process of the Group in 2013 and is expected to reduce the future production costs.

On the other hand, according to the statistics released from CAAM, although the growth of total number of automobile production and sales was slowing down, it still expects the sales of passenger vehicles in the PRC will be increased by 7% in 2013.

Therefore, the Board expects the prospect of the Group is still promising. To keep a steady pace of development, the Group will continuously deploy its resources on:

1) upgrading the production lines in order to improve the production efficiency;

2) installing new machineries to suit the customers' varying requirements and demands on high-end products;

3) conducting research and development to keep up with the latest technological trends in relation to product specifications;

4) accelerating the launch of new products to capture extra market share and expand the market coverage in the PRC; and

5) strengthening the quality control systems to retain customer loyalty and reinforce the Group's reputation in the nonwoven fabric industry in the PRC.

Regarding the new business, the Group considered that supported by robust economic growth, the PRC's markert is still a major driver for rubber trading of the Group. Trading of rubber will yield stable return with a lower risk level. Therefore, the Group is dedicating to diversify further into the business of trading of rubber in order to bring greater returns to the shareholders of the Company in long term.

Going forward, with a view to achieving better return and enhancing the expansion of the Group, the Group will look for potential investment opportunities to diversify its business scope.

Liquidity and Financial Resources

	As at 31 December	
	2012	2011
	RMB'000	*RMB'000*
Current assets	**196,757**	109,033
Current liabilities	**52,862**	42,556
Current ratio	**3.72**	2.56

The current ratio of the Group at 31 December 2012 was 3.72 times as compared to that of 2.56 times at 31 December 2011. It was mainly resulted from the net proceeds raised from the issue of new shares on 14 May 2012 and 12 September 2012 respectively as well as the growth of the Group's business.

At 31 December 2012, the Group's gearing ratio (represented by totals of borrowings and finance lease payable divided by summation of total bank borrowings and finance lease payable and equity) amounted to approximately 13.6% (2011: 18.3%).

The Group generally financed its operations by internal cash resources and bank financing. On 14 May 2012 and 12 September 2012, 120,000,000 new shares and 720,000,000 new shares of the Company were respectively issued and allotted by way of open offers. The total net proceeds of the open offers was approximately RMB64.7 million and the Board intends to apply the proceeds for potential acquisition activities as identified by the Group from time to time and/or as the working capital of the Group.

At 31 December 2012, cash and bank balances of the Group amounted to approximately RMB82.1 million (2011: RMB16.4 million), and approximately RMB71.6 million (2011: RMB6.0 million) of which are denominated in Hong Kong dollars, United States dollars and Euro. Taking into account the Group's cash reserves and recurring cash flows from its operations, the Group's financial position is stable and healthy.

CAPITAL STRUCTURE

Except 120,000,000 shares and 720,000,000 shares of the Company were issued and allotted by way of open offers on 14 May 2012 and 12 September 2012 respectively, there has been no material change in the capital structure of the Group since 31 December 2011.

FOREIGN EXCHANGE EXPOSURE

Majority of the assets and liabilities of the Group were denominated in Renminbi and Hong Kong dollars. At 31 December 2012, the Group had no significant exposure under foreign exchange contracts, interest, currency swaps or other financial derivatives.

SIGNIFICANT INVESTMENTS

At 31 December 2012, there was no significant investment held by the Group (2011: Nil).

MATERIAL ACQUISITIONS OR DISPOSALS

For the year ended 31 December 2012, there was no material acquisitions or disposal of subsidiaries and affiliated companies by the Group.

PLEDGE ON ASSETS

At 31 December 2012, the Group secured its bank loans by buildings with a carrying amounts of approximately RMB7.5 million and prepaid land lease payments with a carrying amounts of approximately RMB3.0 million.

At 31 December 2011, the Group secured its bank loans by buildings with carrying amounts of approximately RMB7.8 million, prepaid land lease payments with carrying amounts of approximately RMB3.1 million and trade receivables with carrying amounts of approximately RMB7.4 million respectively.

EMPLOYEES AND REMUNERATION POLICY

At 31 December 2012, the Group employed a total of 184 employees (2011: 208). The emolument policy of the employees of the Group was set up by the Board on the basis of their experience, qualifications and competence. Other employees' benefits include contributions to statutory mandatory provident funds, and social insurance together with housing provident funds to its employees in Hong Kong and the PRC respectively.

A remuneration committee was set up for, inter alia, reviewing the Group's emolument policy and structure for all directors and senior management of the Group.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES, UNDERLYING SHARES AND DEBENTURES

So far as known to the Directors, at 31 December 2012, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions of which they were taken or deemed to have under such provisions of SFO) or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or otherwise required to be notified to the Company and the Stock Exchange pursuant to the Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long positions in shares of the Company

Name	Capacity and nature of interest	Number of issued ordinary shares held	Approximate percentage of shareholding in the Company
Directors:			
Mr. Zhuang Yuejin	Beneficial owner	359,370,000	33.28%
Ms. Ruan Bixia*	Interest of spouse	359,370,000	33.28%
Mr. Pak Ping	Beneficial owner	14,910,000	1.38%

* Ms. Ruan Bixia is the spouse of Mr. Zhuang Yuejin and is deemed to be interested in all shares held by Mr. Zhuang Yuejin under the SFO.

Save as disclosed above, at 31 December 2012, none of the Directors or chief executives of the Company had any interests or short positions in the shares or underlying shares or debentures of the Company or any of its associated corporations as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

Save as disclosed above, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or of any other body corporate granted to any Directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the Directors, their respective spouse or children under 18 years of age to acquire such rights in the Company or any body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS OR SHORT POSITIONS IN THE SHARES OR UNDERLYING SHARES OF THE COMPANY

At 31 December 2012, so far as known to the Directors, the persons (other than the Directors or chief executives of the Company), who had, or was deemed to have interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company in accordance with the provision of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register maintained by the Company, pursuant to Section 336 of the SFO, were as follows:

Long positions in shares of the Company

Name	Capacity and nature of interest	Number of issued ordinary shares held	Approximate percentage of shareholding in the Company
Avant Capital Management (HK) Limited	Beneficial owner	107,443,000	9.95%
Longlife Group Holdings Limited	Interest in a controlled corporation*	59,996,000	5.56%

* According to the Corporate Substantial Shareholder Notice filed by Longlife Group Holdings Limited on 7 September 2012, Longlife Group Holdings Limited is deemed to be interested in the said shares of the Company as it has 100% control in Splendid Rich Holdings Limited which was reported to be interested in such shares.

Save as disclosed above and under the section "Directors' and Chief Executives' Interest in Securities, Underlying Shares and Debentures" on this announcement, at 31 December 2012, the Directors of the Company were not aware of any persons who had, or was deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company in accordance with the provisions of Divisions 2 and 3 of Part XV of the SFO; or be recorded in the register required to be kept under Section 336 of the SFO.

DIRECTORS' INTERESTS IN CONTRACTS

No Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party at the end of the year or at any time during the year.

DIRECTOR'S INTEREST IN COMPETING INTERESTS

The Directors are not aware of any business or interest of the Directors, the controlling shareholder and their respective associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group during the year.

PURCHASE, REDEMPTION OR SALE OF THE LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year.

INTEREST OF THE COMPLIANCE ADVISER

At 31 December 2012, except for the compliance adviser's agreement and two underwriting agreements entered into between the Company and Tanrich Capital Limited, the Company's compliance adviser, on 19 August 2011, 23 March 2012 and 5 July 2012 respectively, neither the Company's compliance adviser nor its directors, employees or associates had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) as notified by the Company's compliance adviser.

DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

Save as disclosed in section "Directors' and Chief Executives' Interest in Securities, Underlying Shares and Debentures" on this announcement, at no time during the year was the Company, or its subsidiaries, or its fellow subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of the Company or any other body corporate.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry with all Directors, the Company confirmed that all Directors have complied with the code of conduct and the required standard of dealings concerning securities transactions by the Directors during the year.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Except for the deviation from Code provision A.2.1 and A.6.7 as set out in the Corporate Governance Code ("Code") in Appendix 15 to the GEM Listing Rules, the Company has complied with the former Code on Corporate Governance Practices during the period from 1 January 2012 to 31 March 2012 and the Code for the period from 1 April 2012 to 31 December 2012.

Code provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Zhuang Yuejin is the Chairman and the Chief Executive Officer of the Company. Such deviation from Code provision A.2.1 is deemed appropriate as it is considered to be more efficient to have one single person as the Chairman of the Company as well as to discharge the executive functions of a chief executive officer, and it provides the Group with strong and consistent leadership in the development and execution of long term business strategies. The Board believes that the balance of power and authority is adequately ensured by the operations of the Board which comprises highly experienced individuals. There are three independent non-executive Directors on the Board. All of them possess adequate independence and therefore the Board considers the Company has achieved balance and provided sufficient protection of its interests.

Code provision A.6.7 stipulates that independent non-executive Directors should attend general meetings of the Company. Owing to overseas engagements, two independent non-executive Directors, Dr. Tang Yanfei and Mr. Feng Xueben, were unable to attend the general meetings of the Company held on 31 May 2012 and 10 August 2012.

NOMINATION COMMITTEE

The Company established a nomination committee on 13 September 2010 with written terms of reference in compliance with the Code. The nomination committee comprises one executive Director, namely Mr. Zhuang Yuejin, and two independent non-executive Directors, namely Mr. Mak Wai Ho and Mr. Feng Xueben. Mr. Zhuang Yuejin has been appointed as the chairman of the nomination committee.

REMUNERATION COMMITTEE

The Company established a remuneration committee on 13 September 2010 with written terms of reference in compliance with the Code. The remuneration committee comprises one executive Director, namely, Mr. Zhuang Yuejin and two independent non-executive Directors, namely Mr. Mak Wai Ho and Dr. Tang Yanfei. Mr. Mak Wai Ho has been appointed as the chairman of the remuneration committee.

AUDIT COMMITTEE

The Company has established the audit committee on 13 September 2010 with written terms of reference in compliance with the GEM Listing Rules, which comprises three members namely Mr. Mak Wai Ho, Dr. Tang Yanfei and Mr. Feng Xueben, all of whom are independent non-executive Directors. Mr. Mak Wai Ho has been appointed as the chairman of the audit committee. The Group's consolidated results for the year ended 31 December 2012 have been reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and adequate disclosures have been made.

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

Hong Kong, 28 March 2013

As at the date of this announcement, 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 will remain on the "Latest Company Announcement" page of the GEM website 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