



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)

**THIRD QUARTERLY RESULTS ANNOUNCEMENT
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013**

**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE
STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

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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.

THIRD QUARTERLY RESULTS

The board of Directors (the “Board”) of China Automotive Interior Decoration Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the three months and nine months ended 30 September 2013 together with the comparable unaudited figures for the corresponding periods in 2012.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months and nine months ended 30 September 2013

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2013 (Unaudited) RMB'000	2012 (Unaudited) RMB'000	2013 (Unaudited) RMB'000	2012 (Unaudited) RMB'000
Revenue	3	245,663	38,886	423,330	110,388
Cost of sales		(227,884)	(30,026)	(388,624)	(88,039)
Gross profit		17,779	8,860	34,706	22,349
Other income	4	2,540	1,774	5,053	2,647
Selling and distribution costs		(1,561)	(1,377)	(5,272)	(4,767)
Share of result of associate		(442)	—	(807)	—
Administrative expenses		(3,499)	(3,174)	(14,052)	(9,254)
Profit from operations	5	14,817	6,083	19,628	10,975
Finance costs	6	(710)	(425)	(1,892)	(1,305)
Profit before tax		14,107	5,658	17,736	9,670
Income tax expense	7	(1,860)	(600)	(2,733)	(1,189)
Profit for the period attributable to the owners of the Company		12,247	5,058	15,003	8,481
		RMB	RMB	RMB	RMB
Earnings per share	8				
Basic		1.1 cents	1.0 cents	1.3 cents	2.4 cents
Diluted		1.1 cents	1.0 cents	1.3 cents	2.4 cents

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2013

	Three months ended 30 September		Nine months ended 30 September	
	2013	2012	2013	2012
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RMB'000	RMB'000	RMB'000	RMB'000
Profit for the period	12,247	5,058	15,003	8,481
Other comprehensive (loss)/income, net of income tax:				
Exchange differences on translating foreign operations	<u>324</u>	<u>241</u>	<u>(1,414)</u>	<u>170</u>
Total comprehensive income for the period attributable to the owners of the Company	<u><u>12,571</u></u>	<u><u>5,299</u></u>	<u><u>13,589</u></u>	<u><u>8,651</u></u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2013

	Share capital (Unaudited) RMB'000	Share premium (Unaudited) RMB'000	Merger reserve (Unaudited) RMB'000	Foreign currency translation reserve (Unaudited) RMB'000	Statutory reserve (Unaudited) RMB'000	Retained profits (Unaudited) RMB'000	Total equity (Unaudited) RMB'000
At 1 January 2012	20,552	22,694	5,992	2,657	7,681	52,998	112,574
Profit for the period	—	—	—	—	—	8,481	8,481
Other comprehensive income for the period, net of income tax:							
Exchange differences on translating foreign operations	—	—	—	170	—	—	170
Total comprehensive income for the period	—	—	—	170	—	8,481	8,651
Open offer of shares	68,534	—	—	—	—	—	68,534
Share issue expenses	—	(3,807)	—	—	—	—	(3,807)
At 30 September 2012	<u>89,086</u>	<u>18,887</u>	<u>5,992</u>	<u>2,827</u>	<u>7,681</u>	<u>61,479</u>	<u>185,952</u>
At 1 January 2013	89,086	18,867	5,992	2,572	8,427	63,050	187,994
Profit for the period	—	—	—	—	—	15,003	15,003
Other comprehensive loss for the period, net of income tax:							
Exchange differences on translating foreign operations	—	—	—	(1,414)	—	—	(1,414)
Total comprehensive (loss)/income for the period	—	—	—	(1,414)	—	15,003	13,589
Issue of shares	5,798	5,210	—	—	—	—	11,008
At 30 September 2013	<u>94,884</u>	<u>24,077</u>	<u>5,992</u>	<u>1,158</u>	<u>8,427</u>	<u>78,053</u>	<u>212,591</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2013

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 9 December 2009 as an exempted company 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 others, trading of rubber, garment accessories and food products.

The unaudited condensed consolidated financial statements for the nine months ended 30 September 2013 are presented in Renminbi ("RMB") and all values are rounded to the nearest thousands, except when otherwise indicated.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the nine months ended 30 September 2013 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 unaudited condensed 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 unaudited condensed 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.

The unaudited condensed consolidated financial statements do not include all the information and disclosures required for annual financial statements of the Group for the year ended 31 December 2012 as contained in the Company's annual report 2012.

Except as for the adoption of new and revised HKFRSs issued by the HKICPA, which are effective for the Group's financial year beginning 1 January 2013, the accounting policies adopted in preparing the unaudited condensed consolidated financial statements for the nine months ended 30 September 2013 are consistent with those followed in the preparation of the annual financial statements for the year ended 31 December 2012. The Directors anticipate that the application of these new and revised HKFRSs will not have material impact on the unaudited condensed consolidated financial statements of the Group.

The Group has not yet applied new/revised HKFRSs that have been issued but not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new/revised HKFRSs would have a material impact on its results of operations.

3. REVENUE

The Group is principally engaged in the manufacture and sale of nonwoven fabric products used in automotive interior decoration parts and others, trading of rubber, garment accessories and food products.

	Three months ended		Nine months ended	
	30 September		30 September	
	2013	2012	2013	2012
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Nonwoven fabric for use in automobiles and others	51,426	38,886	137,699	110,388
Sales of rubber	185,698	—	273,562	—
Sales of garment accessories	8,539	—	11,001	—
Sales of food products	—	—	1,068	—
	<u>245,663</u>	<u>38,886</u>	<u>423,330</u>	<u>110,388</u>

4. OTHER INCOME

	Three months ended		Nine months ended	
	30 September		30 September	
	2013	2012	2013	2012
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Bank interest income	12	5	24	21
Technical support income	521	735	521	1,428
Realised gain on held-for-trading investments	616	1,028	638	1,028
Unrealised gain on held-for- trading investments	1,325	—	3,694	—
Others	66	6	176	170
	<u>2,540</u>	<u>1,774</u>	<u>5,053</u>	<u>2,647</u>

5. PROFIT FROM OPERATIONS

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

	Three months ended		Nine months ended	
	30 September		30 September	
	2013	2012	2013	2012
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RMB'000	RMB'000	RMB'000	RMB'000
Amortisation of prepaid land lease payments	15	10	44	39
Depreciation of property, plant and equipment	1,184	735	3,488	2,748
Staff costs (including directors' remuneration):				
– Salaries and other benefits	2,395	1,607	6,427	5,529
– Retirement benefits scheme contributions	567	524	1,744	1,934
	<u>2,962</u>	<u>2,131</u>	<u>8,171</u>	<u>7,463</u>

6. FINANCE COSTS

	Three months ended		Nine months ended	
	30 September		30 September	
	2013	2012	2013	2012
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RMB'000	RMB'000	RMB'000	RMB'000
Interest expenses on the bank borrowings wholly repayable within five years	440	424	1,521	1,298
Interest expenses on promissory note	270	—	371	—
Finance lease charges	—	1	—	7
	<u>710</u>	<u>425</u>	<u>1,892</u>	<u>1,305</u>

7. INCOME TAX EXPENSE

	Three months ended		Nine months ended	
	30 September		30 September	
	2013	2012	2013	2012
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RMB'000	RMB'000	RMB'000	RMB'000
Current tax				
Hong Kong	799	—	1,101	—
PRC enterprise income tax (“EIT”)	1,107	623	1,769	1,257
	<u>1,906</u>	<u>623</u>	<u>2,870</u>	<u>1,257</u>
Deferred tax	(46)	(23)	(137)	(68)
	<u>1,860</u>	<u>600</u>	<u>2,733</u>	<u>1,189</u>

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 nine months ended 30 September 2013. No provision for Hong Kong Profits Tax is required since the Group has no assessable profit in Hong Kong for the nine months ended 30 September 2012.

PRC EIT is calculated at the applicable rates based on estimated taxable income earned by the PRC subsidiaries 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 subsidiaries 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) Automotive Interior Decoration Co., Ltd. (“Joystar Wuxi”), a wholly-owned subsidiary of the Company, 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 obtained the “Certificate of Innovative and High-end Technology Enterprise” in November 2012 and Joystar Wuxi also enjoyed the IHT Enterprise Rate. Consequently, the applicable income tax rate of Joystar Wuxi for the nine months ended 30 September 2013 is 15% (nine months ended 30 September 2012: 15%).

8. EARNINGS PER SHARE

The calculations of basic earnings per share for the three months and nine months ended 30 September 2013 are based on the unaudited condensed consolidated profit of approximately RMB12,247,000 and RMB15,003,000 attributable to the owners of the Company respectively (three months and nine months ended 30 September 2012: RMB5,058,000 and RMB8,481,000 respectively) and the weighted average number of ordinary shares of 1,152,000,000 and 1,113,372,263 in issue during the three months and nine months ended 30 September 2013 respectively (weighted average number of ordinary shares in issue during the three months and nine months ended 30 September 2012: 502,417,582 and 348,571,429 respectively), as adjusted to reflect the share issue on the listing date.

For the three months and nine months ended 30 September 2013 and 2012, 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 three months and nine months ended 30 September 2013 and 2012.

9. DIVIDEND

The Board does not recommend the payment of dividend for the nine months ended 30 September 2013 (nine months ended 30 September 2012: Nil).

MANAGEMENT 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 and others, trading of rubber, garment accessories and food products.

Manufacture and sale of nonwoven fabric products

The Group 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, the production and sales of passenger vehicles in the PRC were approximately 12,927,000 units and 12,849,000 units respectively for the nine months ended 30 September 2013, representing an increase of approximately 13.7% and 14.0%. These favorable growth in passenger vehicles market resulted in a stable demand for automotive interior decoration materials of the Group during the period under review.

Trading of rubber

The Group commenced its business of rubber trading since last quarter of 2012 and expanded the operation after the acquisition of entire business of synthetic and nature rubber trading on 26 March 2013. Operationally, the Group imported raw rubber and sold to customers and traders in the PRC. To manage the risk, the Group mainly carried out that business in back-to-back model. With solid business track records, the Group was already granted a new banking facility to enhance the capital resources for the business growth of trading of rubber.

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 business in order to reduce business risk. Since the second quarter of 2013, the Group has diversified into the business of trading of food products and on the other hand, acquired the business of trading of garment accessories.

Financial Review

The Group's revenue for the nine months ended 30 September 2013 was illustrated as follows:

	Nine months ended	
	30 September	
	2013	2012
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Nonwoven fabric for use in automobiles and others	137,699	110,388
Sales of rubber	273,562	—
Sales of garment accessories	11,001	—
Sales of food products	1,068	—
	<u>423,330</u>	<u>110,388</u>

For the nine months ended 30 September 2013, the Group's revenue increased to approximately RMB423.3 million, compared to approximately RMB110.4 million in the corresponding period in 2012, representing an increase of approximately 283.5%. The increase in the Group's revenue was mainly attributable to the increase in demand of the Group's nonwoven products under the stable growth of production and sales of passenger vehicles in the PRC, the expansion of business of sales of rubber and the new contribution from the businesses of trading of garment accessories and food products.

The gross profit of the Group increased by approximately RMB12.4 million from approximately RMB22.3 million in the corresponding period in 2012 to approximately RMB34.7 million. The increase was mainly attributable to the growth of revenue of the Group. The gross profit margin of business of trading is generally lower than the business of manufacturing. During the period under review, the gross profit margin of rubber trading was approximately 1%. Therefore the gross profit margin of the Group for the nine months ended 30 September 2013 decreased to approximately 8.2%.

The Group's other income increased by approximately RMB2.4 million from approximately RMB2.6 million for the nine months ended 30 September 2012 to approximately RMB5.0 million for the nine months ended 30 September 2013. The increase was mainly due to an unrealised gain on held-for-trading investments during the period under review.

As the expansion of business of the Group, the selling and distribution costs increased by approximately RMB0.5 million from approximately RMB4.8 million for the corresponding period in 2012 to RMB5.3 million for the nine months ended 30 September 2013. The administrative expenses increased by approximately RMB4.8 million from approximately RMB9.2 million for the corresponding period in 2012 to approximately RMB14.0 million for the nine months ended 30 September 2013. The increase was principally attributable to the expansion of business of the Group, and the increase in the Group's professional fee in relation to the application of transfer of listing of the Company during the first quarter of 2013.

On 17 October 2012, the Group entered into a joint venture agreement with a sizeable Korean company to setup a joint venture company for the purposes of production and sale of polyester fibers used in automobiles in the PRC. During the nine months ended 30 September 2013, the share of result of associate of approximately RMB0.8 million was the preliminary expenses incurred for the establishment of the joint venture company. The joint venture company already began production testing during the third quarter of 2013 and the Group expected it will secure raw materials supply and accelerate the production expansion plan of the Group horizontally.

As a result, the profit attributable to the owners of the Company for the nine months ended 30 September 2013 was approximately RMB15.0 million (for the nine months ended 30 September 2012: approximately RMB8.5 million).

Outlook

The Group's nonwoven fabric products are ultimately used in the passenger vehicles. As the growth in production and sales of passenger vehicles in the PRC during the nine months ended 30 September 2013, the Board expects the prospect of the business 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.

Trading of rubber will yield stable return with a lower risk level. The Group considered that the PRC's market is still a major driver for rubber trading of the Group. Supported by a highly professional and experienced team on rubber trading, the Group has quickly built up strategic alignment with both upstream and downstream partners, and started to establish the market reputation steadily. Therefore, the Board expects the future income stream of trading of rubber will be strengthened and secured. Furthermore the Group is dedicating to step into this commodity trading business to generate the new input of future development in long term aspects.

On the other hand, the Group has just newly launched the business of trading of garment accessories and trading of foods product. After the Group further restructured the operations of each business, the Board expects they will contribute positively to the financial results of the Group in the near future.

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.

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

So far as known to the Directors, at 30 September 2013, 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 ordinary shares held	Approximate percentage of shareholding in the Company
Mr. Zhuang Yuejin	Beneficial owner	359,370,000	31.20%
Mr. Pak Ping	Beneficial owner	14,910,000	1.29%

Save as disclosed above, at 30 September 2013, 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 reporting period 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 30 September 2013, 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 ordinary shares held	Approximate percentage of shareholding in the Company
Avant Capital Management (HK) Limited	Beneficial owner	107,443,000	9.33%
Cheung Ngai	Beneficial owner	68,616,000	5.96%

Save as disclosed above and under the paragraph "DIRECTORS' AND CHIEF EXECUTIVES' INTEREST IN SECURITIES, UNDERLYING SHARES AND DEBENTURES", at 30 September 2013, the Directors of the Company were not aware of any persons other than 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 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.

PURCHASE, SALE OR REDEMPTION 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 nine months ended 30 September 2013.

DIRECTOR'S INTEREST IN COMPETING INTERESTS

The Directors are not aware of any business or interest of the directors of the Company, the controlling shareholder of the Company and their respective associates (as defined under 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 nine months ended 30 September 2013.

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 nine months ended 30 September 2013.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

Except for the deviations set out below, the Company has complied with the Corporate Governance Code ("Code") in Appendix 15 to the GEM Listing Rules for the nine months ended 30 September 2013.

Code Provision A.2.1

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. During the nine months ended 30 September 2013, 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

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, Mr. Feng Xueben and Dr. Tang Yanfei, were unable to attend the annual general meeting of the Company held on 20 May 2013.

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, Mr. Feng Xueben and Ms. Sung Kwan Wun, 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 unaudited condensed consolidated results for the nine months ended 30 September 2013 have not been audited, but 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, 13 November 2013

As at the date of this announcement, the executive Directors are Mr. Zhuang Yuejin, Mr. Pak Ping, Mr. Ni Bin and Mr. Wong Ho Yin; and the independent non-executive Directors are Mr. Mak Wai Ho, Mr. Feng Xueben and Ms. Sung Kwan Wun.