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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or other registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in China Automotive Interior Decoration Holdings Limited, you should at once hand this circular with the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.



**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)**

**PROPOSALS FOR RE-ELECTION OF DIRECTORS,  
GENERAL MANDATES TO REPURCHASE SHARES AND  
ISSUE NEW SHARES  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

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A notice convening an AGM of China Automotive Interior Decoration Holdings Limited to be held at Ramada Hong Kong Hotel (Jasmine Room 3/F), 308 Des Voeux Road West, Hong Kong at 2:30 p.m., on 20 June 2014, Friday is set out on pages 15 to 19 of this circular. Whether or not you are able to attend the meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of China Automotive Interior Decoration Holdings Limited in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time fixed for the holding of the AGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjourned meeting thereof should you so wish.

16 May 2014

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## CHARACTERISTICS OF GEM

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**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.**

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:*

“AGM”	the annual general meeting of the Company to be held at Ramada Hong Kong Hotel (Jasmine Room 3/F), 308 Des Voeux Road West, Hong Kong at 2:30 p.m., on 20 June 2014, Friday, the notice of which is set out on pages 15 to 19 of this circular
“Articles of Association”	the articles of association of the Company adopted on 13 September 2010, as amended from time to time
“Board”	the board of Directors
“Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Company”	China Automotive Interior Decoration Holdings Limited, an exempted company incorporated in Cayman Islands with limited liability, the issued Shares of which are listed on the GEM of the Stock Exchange
“Director(s)”	the director(s) of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Issue Mandate”	a general and unconditional mandate proposed to be granted to the Directors to allot, issue and deal with Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company at the date of the resolution approving such mandate

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## DEFINITIONS

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“Latest Practicable Date”	13 May 2014, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“PRC”	the People’s Republic of China which, for the purpose of this circular excludes Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Repurchase Mandate”	a general and unconditional mandate proposed to be granted to the Directors to repurchase Shares not exceeding 10% of the aggregate nominal amount of the issued share capital of the Company at the date of the resolution approving such mandate
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Repurchases, as amended from time to time
“%”	per cent

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LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Mr. Zhuang Yuejin  
Mr. Pak Ping  
Mr. Wong Ho Yin

*Registered Office:*

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

*Independent non-executive Directors:*

Mr. Mak Wai Ho  
Mr. Feng Xueben  
Ms. Sung Kwan Wun

*Hong Kong Principal Place of Business:*

Workshop Nos. 22-23,  
6/F Corporation Park,  
11 On Lai Street,  
Shatin, Hong Kong

16 May 2014

*To the Shareholders*

Dear Sir/Madam,

**PROPOSALS FOR RE-ELECTION OF DIRECTORS,  
GENERAL MANDATES TO REPURCHASE SHARES AND  
ISSUE NEW SHARES  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

**INTRODUCTION**

The purpose of this circular is to provide you with information regarding certain resolutions to be proposed at the AGM relating to (i) the re-election of Directors due to retire at the AGM; (ii) the granting of the Repurchase Mandate to the Directors to repurchase fully paid up Shares by the Company; (iii) the granting of the Issue Mandate to the Directors to exercise all the powers of the Company to allot, issue and otherwise deal with new Shares; and (iv) the extension of the Issue Mandate by an amount representing the aggregate nominal amount of any Shares repurchased under the Repurchase Mandate.

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## LETTER FROM THE BOARD

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### RE-ELECTION OF DIRECTORS

The Board currently consists of six Directors, namely Mr. Zhuang Yuejin, Mr. Pak Ping, Mr. Wong Ho Yin, Mr. Mak Wai Ho, Mr. Feng Xueben and Ms. Sung Kwan Wun.

Pursuant to Article 84(1) of the Articles of Association, Mr. Zhuang Yuejin, Mr. Pak Ping and Mr. Feng Xueben shall retire by rotation at the AGM and pursuant to Article 83(3) of the Articles of Association, Ms. Sung Kwan Wun shall retire at the AGM. All the retiring Directors are eligible for re-elections.

Mr. Feng Xuben and Ms. Sung Kwan Wun have individually confirmed their independence with reference to the factors set out in Rule 5.09 of the GEM Listing Rules. Having considered the requirements and obligations of independent non-executive Directors, including the factors to be taken into account in assessing their independence under Rule 5.09 of the GEM Listing Rules, the Board believes that Mr. Feng Xueben and Ms. Sung Kwan Wun continue to be independent.

Details of the Directors who are proposed to be re-elected at the AGM are set out in Appendix I to this circular.

### REPURCHASE MANDATE TO REPURCHASE SHARES

At the annual general meeting of the Company held on 20 May 2013, resolution was passed giving a general mandate to the Directors to exercise the powers of the Company to repurchase the Shares. Such mandate will lapse at the conclusion of the AGM. Therefore, an ordinary resolution will be proposed to approve the granting of the Repurchase Mandate to the Directors to exercise the powers of the Company to repurchase Shares representing up to 10 per cent of the aggregate nominal amount of the issued share capital of the Company at the date of passing the resolution in relation to the Repurchase Mandate. At the Latest Practicable Date, the issued share capital of the Company comprised 1,152,000,000 Shares. The maximum number of Shares which may be repurchased pursuant to the Repurchase Mandate at the date of passing of the resolution approving the Repurchase Mandate will be 115,200,000 Shares. The Repurchase Mandate will end on (i) the conclusion of the next annual general meeting of the Company following the passing of the Repurchase Mandate; or (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable law or the Articles of Association to be held; or (iii) the revocation or variation of the Repurchase Mandate by ordinary resolution of Shareholders in general meeting, whichever is the earliest.

An explanatory statement required by the GEM Listing Rules to be sent to the Shareholders in connection with the proposed Repurchase Mandate is set out in Appendix II to this circular. This explanatory statement contains all information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the relevant resolution at the AGM.

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## LETTER FROM THE BOARD

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### GENERAL MANDATES TO ISSUE NEW SHARES

At the annual general meeting of the Company held on 20 May 2013, resolution was passed giving a general mandate to the Directors to allot, issue and deal with additional Shares. Such mandate will lapse at the conclusion of the AGM. Therefore, an ordinary resolution will be proposed to approve the granting of the Issue Mandate to the Directors to exercise the powers of the Company to allot, issue and deal with the additional Shares in the share capital of the Company up to 20 per cent of the aggregate nominal amount of the issued share capital of the Company at the date of passing the resolution in relation to the Issue Mandate. At the Latest Practicable Date, the issued share capital of the Company comprised 1,152,000,000 Shares. Subject to the passing of ordinary resolution and on the basis that no further Shares are issued or repurchased after the Latest Practicable Date and up to the date of passing of the resolution approving the Issue Mandate, the Company will be allowed to issue a maximum of 230,400,000 Shares. The Directors have no immediate plans to issue any new Shares pursuant to the Issue Mandate.

Subject to the passing of the aforesaid ordinary resolutions in relation to the Repurchase Mandate and the Issue Mandate, an ordinary resolution will also be proposed to authorise the Directors to extend the Issue Mandate to issue and allot Shares in an amount not exceeding the aggregate nominal amount of the Shares repurchased by the Company pursuant to the Repurchase Mandate.

The Issue Mandate and its extension will end on (i) the conclusion of the next annual general meeting of the Company following the passing of the Issue Mandate; or (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable law or the Articles of Association to be held; or (iii) the revocation or variation of the Issue Mandate by ordinary resolution of Shareholders in general meeting, whichever is the earliest.

### RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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 circular 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 circular misleading.



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## LETTER FROM THE BOARD

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### ANNUAL GENERAL MEETING

The notice convening the AGM is set out on pages 15 to 19 of this circular.

A form of proxy for the AGM is enclosed with this circular. Whether or not you are able to attend the AGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time fixed for the holding of the AGM. Such form of proxy for use at the AGM is also published on the websites of the Company and the Stock Exchange. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjourned meeting thereof should you so wish.

### PROCEDURES FOR VOTING

Pursuant to Rule 17.47(4) of the GEM Listing Rules, any vote of the Shareholders at a general meeting of the Company must be taken by way of poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matters to be voted on by a show of hands. Accordingly, the resolutions to be considered and, if thought fit, approved at the AGM will be voted by way of a poll by the Shareholders.

### RECOMMENDATION

The Directors consider that the proposed resolutions for the re-election of Directors, the granting of the Repurchase Mandate, the Issue Mandate and the extension of the Issue Mandate are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend all the Shareholders to vote in favour of all the resolutions to be proposed at the AGM.

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

The following are the particulars of the Directors proposed to be re-elected at the AGM:

**1. Mr. Zhuang Yuejin (莊躍進), aged 51**

Mr. Zhuang Yuejin is the Chairman of the Board, Chief Executive Officer of the Company and one of the founders of the Group. He was appointed as an executive Director on 12 April 2010. Mr. Zhuang is responsible for formulating the Group's corporate strategy, overseeing its production operations and the overall steering of the Group's strategic development. Mr. Zhuang graduated from Xiamen Fisheries College in 1981 and was approved as a qualified engineer by the Intermediate Level Adjudication Committee of Xiamen City Marine Engineering Department in 1990. From 1997 to 2001, Mr. Zhuang was the director and the general manager of Xiamen Marine Industries (Group) Co., Limited, a PRC incorporated company and was previously listed on the Shenzhen Stock Exchange. He has over 11 years of experience in the nonwoven textile industry. Mr. Zhuang is the spouse of Ms. Ruan Bixia, a manager of Joystar (Wuxi) Automotive Interior Decoration Co., Ltd.

Mr. Zhuang has entered into a service agreement with the Company for a term of one year and is subject to retirement and re-election at the AGM in accordance with the Articles of Association. His emoluments are determined with reference to his duties and responsibilities with the Company and the Company's remuneration policy. Mr. Zhuang is entitled to receive a salary of HK\$450,000 per annum subject to review by the remuneration committee of the Company with reference to his performance, duties and responsibilities from time to time and determined by the Board under the authority given by the Shareholders.

Save as disclosed above, Mr. Zhuang has not held any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years.

At the Latest Practicable Date, Mr. Zhuang owns 359,370,000 Shares of the Company. Save as disclosed above, Mr. Zhuang has no interests in the Shares within the meaning of Part XV of the SFO. Save as disclosed above, Mr. Zhuang is independent from and not related to any other Directors, senior management or substantial shareholders of the Company.

Save as disclosed above, there is no other information to be disclosed pursuant to Rules 17.50(2) of the GEM Listing Rules in respect of Mr. Zhuang and there are no other matters that need to be brought to the attention of the Shareholders in relation to his re-election.

**2. Mr. Pak Ping (白平), aged 54**

Mr. Pak Ping was appointed as an executive Director on 12 April 2010. Mr. Pak is primarily responsible for coordinating the marketing activities and formulating product development strategies for the Group. Mr. Pak has over 17 years of experience in the nonwoven material and carpet industry. With extensive experience and profound knowledge on the nonwoven product industry, Mr. Pak co-founded the Group with Mr. Zhuang Yuejin in 2003.

Mr. Pak has entered into a service agreement with the Company for a term of one year and is subject to retirement and re-election at the AGM in accordance with the Articles of Association. His emoluments are determined with reference to his duties and responsibilities with the Company and the Company's remuneration policy. Mr. Pak is entitled to receive a salary of HK\$180,000 per annum subject to review by the remuneration committee of the Company with reference to his performance, duties and responsibilities from time to time and determined by the Board under the authority given by the Shareholders.

Save as disclosed above, Mr. Pak has not held any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years.

At the Latest Practicable Date, Mr. Pak owns 14,910,000 Shares of the Company. Save as disclosed above, Mr. Pak has no interests in the Shares within the meaning of Part XV of the SFO. He is independent from and not related to any other Directors, senior management or substantial shareholders of the Company.

Save as disclosed above, there is no other information to be disclosed pursuant to Rules 17.50(2) of the GEM Listing Rules in respect of Mr. Pak and there are no other matters that need to be brought to the attention of the Shareholders in relation to his re-election.

**3. Mr. Feng Xueben (馮學本), aged 66**

Mr. Feng Xueben, was appointed as an independent non-executive Director on 12 April 2010. Mr. Feng was approved as a qualified engineer specialising in textile machinery design by the Textile Industry Department of the People's Republic of China in 1989. Since 2003, Mr. Feng has been the chief engineer of Wuxi Jiayuan Nonwovens Technology Research Institute.

Mr. Feng was an independent director of Fujian Nanfang Textile Co., Ltd (Stock Code: 600483), a company listed on the Shanghai Stock Exchange, from June 2002 to May 2008. He was the deputy director of Nonwoven Textile Machinery Professional Committee of China Textile Machinery Association from 2007 to 2009. Since February 2010, Mr. Feng has also been an independent non-executive director of Costin New Materials Group Limited (Stock Code: 2228), a company listed on the Main Board of the Stock Exchange.

Mr. Feng has entered into an appointment letter with the Company for a term of one year and is subject to retirement and re-election at the AGM in accordance with the Articles of Association. His emoluments are determined with reference to his duties and responsibilities with the Company and the Company's remuneration policy. Mr. Feng is entitled to receive a director's fee of HK\$60,000 per annum subject to review by the remuneration committee of the Company with reference to his performance, duties and responsibilities from time to time and determined by the Board under the authority given by the Shareholders.

Save as disclosed above, Mr. Feng has not held any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years.

Mr. Feng has no interests in the Shares within the meaning of Part XV of the SFO. He is independent from and not related to any other Directors, senior management or substantial Shareholders of the Company.

Save as disclosed above, there is no other information to be disclosed pursuant to Rules 17.50(2) of the GEM Listing Rules in respect of Mr. Feng and there are no other matters that need to be brought to the attention of the Shareholders in relation to his re-election.

**4. Ms. Sung Kwan Wun (宋君媛), aged 48**

Ms. Sung Kwan Wun was appointed as an independent non-executive Director on 19 August 2013. Ms. Sung engaged in import and export industry for more than 25 years. She hold management positions in several trading companies and was responsible for regional marketing strategy and internal staff training. Ms. Sung has extensive knowledge in corporate operation management, and in marketing in the PRC and Europe. Moreover, she is experienced in investing in real estate and commodity futures.

Ms. Sung has entered into an appointment letter with the Company for a term of one year and is subject to retirement and re-election at the AGM in accordance with the Articles of Association. Her emoluments are determined with reference to her duties and responsibilities with the Company and the Company's remuneration policy. Ms. Sung is entitled to receive a director's fee of HK\$60,000 per annum subject to review by the remuneration committee of the Company with reference to her performance, duties and responsibilities from time to time and determined by the Board under the authority given by the Shareholders.

Save as disclosed above, Ms. Sung has not held any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years.

Ms. Sung has no interests in the Shares within the meaning of Part XV of the SFO. She is independent from and not related to any other Directors, senior management or substantial Shareholders of the Company.

Save as disclosed above, there is no other information to be disclosed pursuant to Rules 17.50(2) of the GEM Listing Rules in respect of Ms. Sung and there are no other matters that need to be brought to the attention of the Shareholders in relation to her re-election.

This is an explanatory statement given to all Shareholders relating to a resolution to be proposed at the AGM for approving the Repurchase Mandate. This explanatory statement contains all the information required pursuant to Rule 13.08 and other relevant provisions of the GEM Listing Rules which is set out as follows:

**1. GEM LISTING RULES RELATING TO THE REPURCHASE OF SHARES**

The GEM Listing Rules permit companies whose primary listing is on the Stock Exchange to repurchase their shares on the Stock Exchange and any other stock exchange on which the securities of the company are listed and such exchange is recognised by the Securities and Futures Commission of Hong Kong subject to certain restrictions. Among such restrictions, the GEM Listing Rules provide that the shares of such company must be fully paid up and all repurchase of shares by such company must be approved in advance by an ordinary resolution of shareholders, either by way of a general repurchase mandate or by specific approval of a particular transaction.

**2. SHARE CAPITAL**

At the Latest Practicable Date, the issued share capital of the Company comprised 1,152,000,000 Shares.

Subject to the passing of the ordinary resolution granting the Repurchase Mandate and on the basis that no further Shares are issued or repurchased prior to the AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 115,200,000 Shares, being 10% of the Shares in issue at the Latest Practicable Date.

**3. REASONS FOR REPURCHASE**

The Directors believe that the Repurchase Mandate is in the best interests of the Company and its Shareholders as a whole. Whilst it is not possible to anticipate in advance any specific circumstance in which the Directors might think it appropriate to repurchase Shares, they believe that an ability to do so would give the Company additional flexibility that would be beneficial to the Company and its Shareholders as a whole as such repurchases may, depending on market conditions and funding arrangements at that time, lead to an enhancement of the net asset value per Share and/or earnings per Share. Shareholders can be assured that the Directors would only make such purchases in circumstances where they consider them to be in the best interests of the Company and the Shareholders as a whole.

**4.      FUNDING OF REPURCHASES**

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with the Articles of Association and the laws of the Cayman Islands. Any repurchase of Shares will be made out of the profits of the Company or the proceeds of a fresh issue of Shares made for the purpose of the purchase or, if authorized by the Articles of Association and subject to the Companies Law, out of capital and, in the case of any premium payable on the purchase, out of the profits of the Company or from sums standing to the credit of the share premium account of the Company or, if authorized by the Articles of Association and subject to the Companies Law, out of capital. In accordance with the laws of the Cayman Islands, the shares so repurchased would be treated as cancelled.

The Directors consider that the exercise of the Repurchase Mandate in full will not have a material adverse impact on the working capital or gearing level of the Company (as compared with the position disclosed in the audited consolidated financial statements contained in the annual report for the year ended 31 December 2013). The Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital or the gearing level which in the opinion of the Directors are from time to time appropriate for the Company.

**5. MARKET PRICES**

The highest and lowest prices at which the Shares traded on the Stock Exchange during each of the 12 months preceding the Latest Practicable Date are as follows:

	<b>Price per Share</b>	
	<b>Highest</b> <i>HK\$</i>	<b>Lowest</b> <i>HK\$</i>
<b>2013</b>		
May	0.199	0.184
June	0.227	0.186
July	0.240	0.200
August	0.650	0.238
September	0.710	0.520
October	1.630	0.610
November	1.450	1.150
December	1.390	0.570
<b>2014</b>		
January	1.100	0.740
February	1.070	0.830
March	0.970	0.550
April	0.590	0.335
May (up to the Latest Practicable Date)	0.445	0.345

**6. UNDERTAKING**

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Mandate and in accordance with the GEM Listing Rules, the Articles of Association and the laws of the Cayman Islands.

None of the Directors nor, to the best of their knowledge and belief having made all reasonable enquiries, any of their associates have any present intention to sell any Shares to the Company in the event that the Repurchase Mandate is approved by the Shareholders.

No connected persons (as defined in the GEM Listing Rules) have notified the Company that they have a present intention to sell Shares to the Company or its subsidiaries, nor have undertaken not to do so, in the event that the Repurchase Mandate is granted by the Shareholders.



**7. TAKEOVERS CODE AND THE PUBLIC FLOAT REQUIREMENT**

If a Shareholder's proportionate interest in the voting capital of the Company increases as a result of a share repurchase, such increase will be treated as an acquisition for the purposes of the Takeovers Code and, if such increase results in a change of control, may in certain circumstances give rise to an obligation to make a mandatory offer for Shares under Rule 26 of the Takeovers Code.

At the Latest Practicable Date, to the best knowledge and belief of the Company, Mr. Zhuang Yuejin is beneficially interested in an aggregate of approximately 31.20% of the issued share capital of the Company. In the event that the Repurchase Mandate is exercised in full, the shareholding in the Company held by him would be increased to approximately 34.66% of the issued share capital of the Company. Such increase would give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code.

The Directors will not exercise the Repurchase Mandate to such an extent as a result of such repurchase, the number of Shares held by the public would fall below 25% of the total number of Shares in issue. The Directors do not have any present intention (i) to repurchase Shares to an extent which will result in the amount of Shares held by the public being reduced to less than 25% and (ii) to trigger any event under the Takeovers Code.

**8. SHARE REPURCHASES MADE BY THE COMPANY**

The Company had not repurchased any Shares (whether on the Stock Exchange or otherwise) during the 6 months preceding the Latest Practicable Date.

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## NOTICE OF ANNUAL GENERAL MEETING

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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)**

### NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an annual general meeting (the “AGM”) of China Automotive Interior Decoration Holdings Limited (the “Company”) will be held at Ramada Hong Kong Hotel (Jasmine Room 3/F), 308 Des Voeux Road West, Hong Kong at 2:30 p.m., on 20 June 2014, Friday to consider and, if thought fit, pass with or without amendments, the following as ordinary resolutions:

#### **AS ORDINARY BUSINESS**

1. To consider and approve the audited consolidated financial statements of the Company together with its subsidiaries and the reports of the directors of the Company (the “Directors”) and the auditors of the Company for the year ended 31 December 2013.
2.
  - (A) To re-elect Mr. Zhuang Yuejin as an executive Director;
  - (B) To re-elect Mr. Pak Ping as an executive Director;
  - (C) To re-elect Mr. Feng Xueben as an independent non-executive Director;
  - (D) To re-elect Ms. Sung Kwan Wun as an independent non-executive Director;  
and
  - (E) To authorise the board of Directors (the “Board”) to fix the remuneration of the Directors.
3. To re-appoint HLB Hodgson Impey Cheng Limited as the auditors of the Company and to authorise the Board to fix their remuneration for the year ending 31 December 2014.

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## NOTICE OF ANNUAL GENERAL MEETING

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### AS SPECIAL BUSINESS

To consider and, if thought fit, pass with or without amendments, the following as ordinary resolutions:

#### Ordinary Resolutions

4. (A) **“THAT**
- (i) subject to paragraph (iii) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements, options (including bonds, warrants and debentures convertible into shares of the Company) and rights of exchange or conversion which might require the exercise of such powers, subject to and in accordance with all applicable laws and requirements of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (as amended from time to time) (the “GEM Listing Rules”), be and is hereby generally and unconditionally approved;
  - (ii) the approval in paragraph (i) above shall authorise the Directors during the Relevant Period to make or grant offers, agreements, options (including bonds, warrants and debentures convertible into shares of the Company) and rights of exchange or conversion which might require the exercise of such powers after the end of the Relevant Period;
  - (iii) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval granted in paragraph (i) above, otherwise than pursuant to (a) a Rights Issue (as hereinafter defined), or (b) the exercise of options under any share option scheme or similar arrangement adopted by the Company for the grant or

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## NOTICE OF ANNUAL GENERAL MEETING

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issue to the employees and Directors and/or any of its subsidiaries and/or other eligible participants specified thereunder of options to subscribe for or rights to acquire shares of the Company, or (c) an issue of shares upon the exercise of the subscription rights attaching to any warrants which may be issued by the Company; or (d) an issue of shares of the Company as scrip dividend or similar arrangement in accordance with the memorandum and articles of association of the Company, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of the passing of this resolution, and the said approval shall be limited accordingly; and

- (iv) for the purpose of this resolution: “Relevant Period” means the period from the date of passing of this resolution until whichever is the earliest of:
- (a) the conclusion of the next annual general meeting of the Company;
  - (b) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; and
  - (c) the date on which the authority sets out in this resolution is revoked or varied by an ordinary resolution of the Company in general meeting.

“Rights Issue” means an offer of shares of the Company open for a period fixed by the Directors to holders of shares on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any legal restrictions under the laws of any relevant jurisdiction, or the requirements of any recognized regulatory body or any stock exchange, in any territory outside Hong Kong).”

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## NOTICE OF ANNUAL GENERAL MEETING

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(B) “THAT

- (i) subject to paragraph (ii) below, the exercise by the Directors during the Relevant Period of all powers of the Company to purchase or otherwise acquire shares in the capital of the Company on the Stock Exchange or on any other stock exchange on which the shares of the Company may be listed and recognised by the Stock Exchange and the Hong Kong Securities and Futures Commission (“SFC”) for this purpose, subject to and in accordance with all applicable rules and regulations of the SFC, the Stock Exchange or of any other stock exchange as amended from time to time and are applicable laws in this regard be and is hereby generally and unconditionally approved;
- (ii) the aggregate nominal amount of shares of the Company which are authorized to be purchased pursuant to the approval in paragraph (i) above shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of the passing of this resolution, and the said approval shall be limited accordingly; and
- (iii) for the purpose of this resolution: “Relevant Period” means the period from the date of passing of this resolution until whichever is the earliest of:
  - (a) the conclusion of the next annual general meeting of the Company;
  - (b) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; and
  - (c) the date on which the authority sets out in this resolution is revoked or varied by an ordinary resolution of the Company in general meeting.”

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## NOTICE OF ANNUAL GENERAL MEETING

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(C) “**THAT**

conditional upon the passing of the resolutions set out in paragraphs 4(A) and 4(B) of the notice convening this meeting, the general mandate granted to the Directors to exercise the powers of the Company to allot, issue and otherwise deal with shares of the Company pursuant to the resolution set out in paragraph 4(A) of the notice convening this meeting be and is hereby extended by the addition thereto an amount of shares representing the aggregate nominal amount of shares of the Company purchased or otherwise acquired by the Company pursuant to the authority granted to the Directors under the resolution set out in paragraph 4(B) above, provided that such amount shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this resolution.”

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

Hong Kong, 16 May 2014

*Notes:*

- (1) Any shareholder of the Company entitled to attend and vote at the AGM is entitled to appoint one or more proxies to attend and vote on behalf of him. A proxy need not be a shareholder of the Company.
- (2) A form of proxy for the AGM is enclosed. In order to be valid, a form of proxy, together with the power of attorney or other authority (if any) under which the form is signed, or a notarially certified copy of such power of attorney or authority, must be deposited at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time fixed for holding the AGM or any adjournment thereof.
- (3) Where there are joint registered holders of any share, any one of such persons may vote at the AGM, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at the AGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
- (4) Completion and delivery of the form of proxy will not preclude shareholders of the Company from attending and voting in person at the AGM or any adjourned meeting or upon the poll concerned and, in such event, the instrument appointing a proxy will be deemed to be revoked.
- (5) A circular containing, among others things, an explanatory statement relating to the proposed resolution no. 4(B) above has been despatched to the shareholders of the Company.
- (6) As at the date of this notice, Mr. Zhuang Yuejin is an executive Director and the chairman of the board of Directors; Mr. Pak Ping and Mr. Wong Ho Yin are the executive Directors; Mr. Mak Wai Ho, Mr. Feng Xueben and Ms. Sung Kwan Wun are the independent non-executive Directors.