

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any Shares in the Company.



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: 0048)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



Convoy Investment Services Limited

Financial Adviser



PLACING OF NEW SHARES

On 30 June 2015 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Placing Agent agreed to place, on a best endeavour basis, to not less than six independent Placées for up to 276,480,000 new Shares at a price of HK\$0.485 per Placing Share.

The Placing is conditional upon (i) the Listing Committee of the Stock Exchange granting approval for the listing of and permission to deal in the Placing Shares; and (ii) the Placing Agreement is not having been terminated in accordance with the terms thereof on or before the Long Stop Date. If such condition is not fulfilled, the Placing will not proceed.

The maximum number of 276,480,000 Placing Shares represents approximately 20% of the entire issued share capital of the Company of 1,382,400,000 Shares as at the date of this announcement and approximately 16.7% of the Company's entire issued share capital as enlarged by the Placing Shares. The maximum net proceeds from the Placing will be approximately HK\$132.6 million (assuming the Placing Shares are fully placed and after all relevant expenses) which is intended to be used by the Company for: (i) acquisition and renovation of plants and machineries for its existing manufacture and sale of nonwoven fabric products business; (ii) financing of its existing business of trading of rubber; and (iii) potential acquisition of a target company principally engaged in the manufacturing and selling of various types of PBS and PBS copolymer business as referred to in the announcements relating to the memorandum of understandings dated 27 May 2015.

As the Placing Agreement may or may not be completed, the Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date

30 June 2015 (after trading hours)

Parties

(a) the Company; and

(b) the Placing Agent

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

Placees

The Placing Shares will be placed to not less than six Placees (which will be independent individual, corporate and/or institutional investors) and their ultimate beneficial owners will be Independent Third Parties.

It is expected that none of the Placees will become a substantial Shareholder (as defined in the Main Board Listing Rules) of the Company.

Number of Placing Shares

Up to 276,480,000 new Shares, to be placed by the Placing Agent on a best endeavour basis. Assuming the Placing Shares are fully placed, the Placing Shares represents approximately 20% of the entire issued share capital of the Company of 1,382,400,000 Shares as at the date of this announcement and approximately 16.7% of the Company's entire issued share capital as enlarged by the Placing Shares. The aggregate nominal value of the Placing Shares is HK\$27,648,000.

Placing Price

The Placing Price is HK\$0.485 per Placing Share. The Placing Price was agreed after arm's length negotiations between the Company and the Placing Agent, with reference to, among other things, the recent trading price of the Shares on the Stock Exchange. The Directors consider that the Placing Price is fair and reasonable, on normal commercial terms and are in the interests of the Company and the Shareholders as a whole. The Placing Price represents:

- (i) a discount of approximately 19.17% to the closing price of HK\$0.60 per Share as quoted on the Stock Exchange on 30 June 2015, being the date of the Placing Agreement; and
- (ii) a discount of approximately 17.80% to the average closing price of approximately HK\$0.59 per Share as quoted on the Stock Exchange for the last 5 full trading days of the Shares immediately prior to the date of the Placing Agreement.

The Company will bear the costs and expenses in connection with the Placing and the net proceeds from the Placing is estimated to be approximately HK\$132.6 million (assuming the Placing Shares are fully placed). As a result, the net price per Placing Share will be approximately HK\$0.48.

Placing Commission

The Placing Agent will receive a placing commission of 1% on the gross proceeds of the Placing. Such commission was negotiated on arm's length basis between the Company and the Placing Agent and determined with reference to, amongst other things, the prevailing market conditions. The Directors consider that the commission is fair and reasonable based on the current market conditions.

General Mandate

The Placing Shares will be issued pursuant to the General Mandate. As at the date of this announcement, no Share has been issued pursuant to the General Mandate.

Ranking of Placing Shares

The Placing Shares, when issued and fully paid, will rank pari passu among themselves and with Shares in issue at the time of issue and allotment of the Placing Shares.

Condition of the Placing

Completion of the Placing Agreement is conditional upon (i) the Listing Committee of the Stock Exchange granting approval for the listing of and permission to deal in the Placing Shares; and (ii) the Placing Agreement is not having been terminated in accordance with the terms thereof on or before the Long Stop Date.

If the above condition is not satisfied on or before the Long Stop Date, all obligations of the Placing Agent and of the Company hereunder shall cease and determine and none of the parties hereto shall have any claim against the other in relation thereto.

Application will be made to the Stock Exchange for approval for the listing of and permission to deal in the Placing Shares. The Placing is not subject to the Shareholders' approval as the Placing Shares will be issued under the General Mandate.

Completion of the Placing

Completion shall take place on the third Business Day after the fulfillment of the conditions set out in the Placing Agreement (or such other date as the parties hereto may agree in writing).

Termination of the Placing Agreement

The Placing Agent may, in its reasonable opinion, after consultation with the Company, terminate the Placing Agreement if any of the following events occur at any time prior to 10:00 a.m. on the Completion Date:

(i) any material breach of any of the representations, and warranties as set out in the Placing Agreement; (ii) a material adverse change in financial conditions of the Group which in the reasonable opinion of the Placing Agent is material in the context of the Placing; or (iii) any of the force majeure events as referred to in the Placing Agreement, then and in any such case, the Placing Agent may terminate the Placing Agreement without liability to the Company by giving notice in writing to the Company at any time prior to 6:00 p.m. on the day immediately preceding the Completion Date.

If notice is given pursuant to the above, the Placing Agreement shall terminate and be of no further effect and neither party shall be under any liability to any other party in respect of the Placing Agreement save for any rights or obligations which may accrue under the Placing Agreement prior to such termination.

The Directors (including the independent non-executive Directors) consider that the terms of the Placing Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

REASONS FOR ENTERING INTO THE PLACING AGREEMENT AND USE OF PROCEEDS

The Group is principally engaged in the manufacture and sale of nonwoven fabric products used in automotive interior decoration parts and other parts and trading of rubber.

The net proceeds from the Placing are estimated to be approximately HK\$132.6 million. The Company intend to apply the net proceeds from the Placing in the following manner:

- i. approximately HK\$60.6 million for the acquisition and renovation of plants and machineries for its existing manufacture and sale of nonwoven fabric products business;
- ii. approximately HK\$50.0 million for the financing of its existing business of trading of rubber; and
- iii. approximately HK\$22.0 million for the potential acquisition of a target company principally engaged in the manufacturing and selling of various types of PBS and PBS copolymer business as referred to in the announcements relating to the memorandum of understandings (the “MOU”) dated 27 May 2015.

Acquisition and renovation of plants and machineries

For the year ended 31 December 2014, the Group incurred cost of approximately HK\$12 million on the existing plants and machineries for its manufacture and sale of nonwoven fabric products. In view of optimizing the production efficiency and capability of the Group, the Group has taken effective measures for internal productivity and cost management.

The Board believes the acquisition and renovation of plants and machineries are expected to enhance the quality control of existing production facilities and result with increased production efficiency and capability of the Group. In response to the challenging business environment, the Group will strive to further improve its operational efficiency through acquisition of new machinery, and simultaneously enhancing production processes.

Financing the trading of rubber business

The Group has a debt facility to fund its trading of rubber business of approximately HK\$39 million. The Directors consider that equity financing has merits over debt financing to fund its capital needs as the former could broaden the shareholder base of the Company without creating any interest cost on the Company.

The Directors consider that the Placing will strengthen the financial position of the Group and it would be a prudent approach for the Company to reduce its reliance on debt financing by capital to be raised from equity financing, given the current market condition and the cost associated with debt financing.

Potential acquisition of the business of manufacturing and selling of various types of PBS and PBS copolymer

On 27 May 2015, the Company announced its subsidiary (the “Purchaser”) entered into a MOU pursuant to which the Purchaser intend to acquire a target company, which, along with its wholly-owned subsidiaries, is principally engaged in manufacturing and selling of various types of PBS and PBS copolymer in China (the “Potential Acquisition”). The Group considers the market for PBS and PBS copolymer is expanding rapidly and the Group believes there are good potential and promising prospects in the aforesaid industry. Although the Company is still in the process of performing the due diligence and negotiating with the vendor on the structure, terms and consideration of the Potential Acquisition, the Board intended to apply the proceeds for the Potential Acquisition.

FUND RAISING ACTIVITIES DURING THE PAST TWELVE MONTHS

The following are the fund raising activities of the Company during the past twelve months:

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds
17 September 2014	Placing of new Shares under the general mandate at the placing price of HK\$0.38 per placing share	Approximately HK\$84.5 million	It was intended to apply for any opportunistic investments should appropriate opportunities arise and where the Directors consider it is in the interest of the Company to do so and/or for general working capital of the Group	Approximately HK\$45.5 million had been used as intended and the remaining balance of approximately HK\$39 million has not yet been utilized.

EFFECT ON SHAREHOLDING

For illustration purpose, the shareholding structures of the Company as at the date of this announcement (as extracted from the Disclosure of Interests stated in the website of the Stock Exchange) and immediately after completion of the Placing are and will be as follows:

	As at the date of this announcement		Immediately after completion of the Placing	
	<i>Number of Shares</i>	<i>Approx. %</i>	<i>Number of Shares</i>	<i>Approx. %</i>
Director Zhuang Yuejin	359,370,000	26.0	359,370,000	21.6
Public Shareholders				
— Placees	—	—	276,480,000	16.7
— Other public Shareholders	<u>1,023,030,000</u>	<u>74.0</u>	<u>1,023,030,000</u>	<u>61.7</u>
Total	<u><u>1,382,400,000</u></u>	<u><u>100.0</u></u>	<u><u>1,658,880,000</u></u>	<u><u>100.0</u></u>

As the Placing Agreement may or may not be completed, the Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“associate”	has the meaning ascribed thereto under the Main Board Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day (not being a Saturday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Company”	China Automotive Interior Decoration Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Stock Exchange
“Completion Date”	the date of Completion
“connected person(s)”	has the meaning ascribed to it under the Main Board Listing Rules
“Director(s)”	the director(s) of the Company

“General Mandate”	the general mandate granted to the Directors at the annual general meeting of the Company held on 5 June 2015 to allot or otherwise deal with the unissued shares of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Parties”	parties which are not connected persons of the Company (as defined in the Main Board Listing Rules) and are independent of the Company and its connected persons
“Long Stop Date”	21 July 2015 (or such later date to be agreed between the Company and the Placing Agent in writing)
“Main Board Listing Rules”	the Rule Governing the Listing of Securities on the Stock Exchange
“Placees”	any individual, institutional or other professional investor procured by the Placing Agent to purchase any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing of the Placing Shares by the Company, through the Placing Agent, pursuant to the Placing Agreement
“Placing Agent”	Convoy Investment Services Limited, a licensed corporation to carry on business in type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the Placing Agreement dated 30 June 2015 entered into between the Placing Agent and the Company in relation to Placing
“Placing Price”	HK\$0.485 per Placing Share
“Placing Shares”	a maximum of 276,480,000 new Shares to be placed pursuant to the Placing Agreement
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company

“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

By Order of the Board of
CHINA AUTOMOTIVE INTERIOR DECORATION HOLDINGS LIMITED
Zhuang Yuejin
Chairman

Hong Kong, 30 June 2015

As at the date hereof, the executive directors are Mr. Zhuang Yuejin, Mr. Wong Ho Yin and Ms. Xiao Suni, and the independent non-executive directors are Mr. Mak Wai Ho and Ms. Sung Kwan Wun.