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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: 0048)

ANNOUNCEMENT

SIDE LETTER AGREEMENT TO THE PLACING OF NEW SHARES UNDER GENERAL MANDATE

Reference is made to the announcement of the Company dated 30 June 2015 in relation to, among other things, the placing of new shares of the Company (the “**Announcement**”). Unless otherwise stated, capitalized terms used herein shall have the same meaning as defined in the Announcement. Taking into consideration of the current market sentiment, on 9 July 2015, the Company and the Placing Agent, after further negotiations on the original Placing Price of HK\$0.485 per Placing Share, entered into the side letter agreement (the “**Side Letter Agreement**”), pursuant to which the Placing Agent and the Company mutually agreed to revise the Placing Price from HK\$0.485 per Placing Share to HK\$0.345 per Placing Share (the “**Revised Placing Price**”).

The Revised Placing Price of HK\$0.345 per Placing Share was arrived at after arm’s length negotiations between the Company and the Placing Agent by reference to the recent market condition of the price of the Shares. The Revised Placing Price represents:

- (i) a discount of approximately 11.54% to the closing price of HK\$0.39 per Share as quoted on the Stock Exchange on 9 July 2015, being the date of the Side Letter Agreement; and
- (ii) a discount of approximately 19.39% to the average closing price of approximately HK\$0.428 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 Side Letter Agreement.

Subject only to the variations therein contained and such other alterations (if any) as may be necessary to make the Placing Agreement consistent with the Side Letter Agreement, the Placing Agreement shall remain in full force and effect. The Directors consider that the terms of the Side Letter Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

The total gross proceeds from the Placing, if fully placed, will be approximately HK\$95.3 million, while the total net proceeds from the Placing is expected to amount to approximately HK\$94.2 million (after deduction of the estimated expenses) and the net price per Placing Share is expected to be approximately HK\$0.341. The intended use of proceeds from the Placing will alter in the following manner:

- (i) approximately HK\$32.2 million for the acquisition and renovation of plants and machineries for its existing manufacture and sale of nonwoven fabric products business;
- (ii) approximately HK\$40.0 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 dated 27 May 2015.

As the Placing is on best effort basis, there is no guarantee that the full amounts of the proceeds from the Placing can be obtained. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

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

Hong Kong, 9 July 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.