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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

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 2015 together with the comparative figures for the preceding financial year ended 31 December 2014.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Note	**2015** **RMB'000**	2014 *RMB'000*
Revenue	*5*	**195,804**	357,251
Cost of sales		**(165,432)**	(307,113)
Gross profit		**30,372**	50,138
Other income	*6*	**183,706**	11,864
Selling and distribution costs		**(8,799)**	(9,126)
Share of loss of an associate		**(6,114)**	(2,721)
Gain on disposal of subsidiaries		**3,709**	—
Administrative expenses		**(33,093)**	(17,937)
Profit from operations	*7*	**169,781**	32,218
Finance costs	*8*	**(1,775)**	(2,708)
Profit before tax		**168,006**	29,510
Income tax expense	*9*	**(36,029)**	(3,630)
Profit for the year attributable to the owners of the Company		**131,977**	25,880

	Note	2015 RMB'000	2014 RMB'000
Profit for the year		**131,977**	25,880
Other comprehensive income for the year, net of income tax:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**22,506**	341
Total other comprehensive income for the year		**22,506**	341
Total comprehensive income for the year attributable to the owners of the Company		**154,483**	26,221
Earnings per share		***RMB***	*RMB*
— Basic and diluted	*10*	**8.8 cents**	2.1 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	Note	2015 RMB'000	2014 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		**49,166**	45,661
Investment properties		—	4,424
Prepaid land lease payments		**2,698**	2,771
Deferred tax assets		—	1,247
Interest in an associate		—	6,114
Goodwill		**7,286**	51,099
		59,150	111,316
Current assets			
Prepaid land lease payments		**73**	73
Inventories		**15,663**	15,896
Trade receivables	*12*	**101,531**	86,755
Bills receivables		**4,395**	6,037
Prepayments, deposits and other receivables		**52,683**	43,614
Held-for-trading investments		**336,349**	68,486
Pledged bank deposit		—	6,137
Cash and bank balances		**83,345**	69,421
		594,039	296,419
Total assets		**653,189**	407,735
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital	*13*	**134,837**	113,062
Reserves		**427,052**	220,058
Total equity		**561,889**	333,120

	Note	2015	2014
		RMB'000	*RMB'000*
LIABILITIES			
Non-current liabilities			
Bank borrowings		—	4,400
Deferred tax liabilities		**35,436**	—
		35,436	4,400
Current liabilities			
Trade payables	*14*	**12,239**	22,174
Derivative financial liability		—	1,000
Accruals and other payables		**10,728**	10,368
Bank borrowings		**29,500**	30,500
Bank overdrafts		—	2,908
Tax payable		**3,397**	3,265
		55,864	70,215
Total liabilities		**91,300**	74,615
Total equity and liabilities		**653,189**	407,735
Net current assets		**538,175**	226,204
Total assets less current liabilities		**597,325**	337,520

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

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"). Its parent and ultimate holding company is China Automotive Interior Decoration Holdings Limited (incorporated in Cayman Islands).

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 other parts and trading of rubber and garment accessories.

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 ("GEM") on 29 September 2010. On 25 August 2014, the Company transferred the listing of its shares from GEM to the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Group has applied the following amendments HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

Amendments to HKAS19	Defined benefit plans: Employee contributions
Amendments to HKFRSs	Annual improvement to HKFRSs 2010 – 2012 cycle
Amendments to HKFRSs	Annual improvement to HKFRSs 2011 – 2013 cycle

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

In addition, the Company has adopted the amendments to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") issued by the Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap.622) during the reporting period. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

Issued but not yet effective Hong Kong Financial Reporting Standards

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 14	Regulatory Deferral Accounts[4]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint operations[1]
Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKFRS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle[1]

1 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

2 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

3 Effective for annual periods beginning on or after a date to be determined.

4 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application permitted.

The Group is in the process of assessing the potential impact of the above new and revised HKFRSs upon initial application but is not yet in a position to state whether the above new and revised HKFRSs, will have a significant impact on the Group's results of operations and financial position.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' ("FVTOCI") measurement category for certain simple debt instruments.

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.

In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company (the "Directors") do not anticipate the new and revised HKFRSs will have a material impact on the Group's consolidated financial statements.

HKFRS 15 Revenue from Contracts with Customers

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

— Step 1: Identify the contract(s) with a customer

— Step 2: Identify the performance obligations in the contract

— Step 3: Determine the transaction price

— Step 4: Allocate the transaction price to the performance obligations in the contract

— Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The Directors anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 since the effect is still under the assessment performed by the Directors.

3. STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

The provisions of the new Hong Kong Companies Ordinance (Cap. 622) regarding preparation of accounts and directors' reports and audits became effective for the Company for the financial year ended 31 December 2015. Further, the disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new CO and to streamline with HKFRSs. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 December 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

— Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

— Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

— Level 3 inputs are unobservable inputs for the asset or liability.

4. SEGMENT INFORMATION

Information reported to the Directors 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.

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 other parts; and

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

Segment revenue and results

	Supply and procurement operation		Manufacture and sale of nonwoven fabric products		Total	
	2015	2014	**2015**	2014	**2015**	2014
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Segment revenue:						
Sales to external customers	**35,768**	187,489	**160,036**	169,762	**195,804**	357,251
Segment results	**3,520**	1,650	**11,118**	24,997	**14,638**	26,647
Unallocated corporate income					**183,179**	8,709
Unallocated corporate expenses					**(28,036)**	(3,138)
Profit from operations					**169,781**	32,218
Finance costs					**(1,775)**	(2,708)
Profit before tax					**168,006**	29,510

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales for the years ended 31 December 2015 and 2014.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent the profit from each segment without allocation of interest income, gain on held-for-trading investments, gain on disposal of subsidiaries, impairment loss recognised in goodwill and 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	
	2015	2014	**2015**	2014	**2015**	2014
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
ASSETS						
Segment assets	**55,846**	88,340	**256,061**	213,105	**311,907**	301,445
Unallocated corporate assets					**341,282**	106,290
Total assets					**653,189**	407,735
LIABILITIES						
Segment liabilities	**1,746**	18,236	**52,355**	54,467	**54,101**	72,703
Unallocated corporate liabilities					**37,199**	1,912
Total liabilities					**91,300**	74,615

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

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

— all liabilities are allocated to reportable segments other than corporate financial liabilities including derivative financial liability, deferred tax liabilities and accruals and other payables.

Other segment information

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

	Supply and procurement operation		Manufacture and sale of nonwoven fabric products		Total	
	2015	2014	**2015**	2014	**2015**	2014
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Capital expenditure	**—**	—	**8,528**	8,710	**8,528**	8,710
Depreciation of property, plant and equipment	**1**	1	**4,996**	4,347	**4,997**	4,348
Depreciation of investment properties	**—**	134	**—**	—	**—**	134
Amortisation of prepaid land lease payments	**—**	—	**73**	73	**73**	73
Inventories written off	**—**	—	**200**	39	**200**	39
Impairment loss recognised on trade receivables	**—**	34	**43**	27	**43**	61
Impairment loss recognised on goodwill	**16,239**	—	**—**	—	**16,239**	—

Revenue from major products and services

Information about the Group's major products is set out in Note 5.

Geographical information

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

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

	Revenue from external customers		Non-current assets*	
	2015	2014	**2015**	2014
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
The PRC	**175,823**	321,501	**51,856**	54,530
Hong Kong	**17,778**	30,065	**8**	4,440
Overseas *(Note)*	**2,203**	5,685	**—**	—
	195,804	357,251	**51,864**	58,970

Note: The Group's overseas customers including but not limited to customers in Bangladesh and Taiwan.

* Non-current assets exclude deferred tax assets and goodwill.

Information about major customers

For the year ended 31 December 2015, revenue generated from one (2014: one) customer of the Group amounting to approximately RMB53,106,000 (2014: RMB41,264,000) 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 2015 and 2014.

Revenue from major customer, amounted to 10% or more of the Group's revenue, is set out below:

	2015	2014
	RMB'000	*RMB'000*
Customer A	**53,106**	41,264

5. REVENUE

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

An analysis of revenue is as follows:

	2015	2014
	RMB'000	*RMB'000*
Nonwoven fabric for use in automobiles		
— Sales of automotive floor carpets	**96,529**	95,223
— Sales of other automotive parts	**63,507**	74,539
Sales of rubber	**22,057**	153,535
Sales of garment accessories	**13,711**	33,954
	195,804	357,251

6. OTHER INCOME

	2015	2014
	RMB'000	*RMB'000*
Interest income	**738**	92
Technical support income	**—**	1,664
Consultancy fee income	**423**	951
Gain on held-for-trading investments and derivatives financial instrument	**178,732**	8,494
Rental income	**16**	166
Others	**3,797**	497
	183,706	11,864

7. PROFIT FROM OPERATIONS

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

	2015	2014
	RMB'000	*RMB'000*
Auditors' remuneration	**964**	955
Amortisation of prepaid land lease payments	**73**	73
Depreciation of property, plant and equipment	**4,997**	4,348
Depreciation of investment properties	**—**	134
Operating lease rentals in respect of rented premises	**956**	996
Staff costs including directors' remuneration:		
— Salaries and other benefits	**11,228**	12,428
— Retirement benefits scheme contributions	**2,760**	3,595
Cost of inventories recognised as cost of sales	**142,856**	296,007
Loss on disposal of property, plant and equipment	**24**	1
Inventories written off	**200**	39
Impairment loss recognised on trade receivables	**43**	61
Impairment loss recognised on amount due from an associate *(Note 1)*	**3,169**	—
Impairment loss recognised on goodwill *(Note 1)*	**16,239**	—
Research and development expenditure *(Note 2)*	**7,232**	8,977

Note:

1. Impairment loss recognised on amount due from an associate and goodwill included in administrative expenses for the year ended 31 December 2015 were amounted to approximately RMB3,169,000 and RMB16,239,000 respectively (2014: Nil and nil respectively)

2. The amounts included in cost of sales for the year ended 31 December 2015 amounted to approximately RMB7,232,000 (2014: RMB8,977,000).

8. FINANCE COSTS

	2015	2014
	RMB'000	*RMB'000*
Interest expenses on bank borrowings wholly repayable within five years	**1,705**	2,066
Interest expenses on bank overdrafts	**70**	136
Interest expenses on promissory note	**—**	506
	1,775	2,708

9. INCOME TAX EXPENSE

	2015	2014
	RMB'000	*RMB'000*
Current tax		
Hong Kong	**384**	1,397
PRC enterprise income tax ("**EIT**")	**1,459**	2,276
	1,843	3,673
Overprovision for in previous years		
PRC EIT	**(1,040)**	(43)
Deferred tax		
Current year	**35,226**	—
	36,029	3,630

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 years ended 31 December 2015 and 2014.

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 6 July 2015, Joystar Wuxi obtained the Certificate of Innovative and High-end Technology Enterprise with validity period of three year and also enjoyed the IHT Enterprise Rate. Consequently, the applicable income tax rate of Joystar Wuxi for the year ended 31 December 2015 is 15% (2014: 15%).

10. 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 RMB131,977,000 (2014: RMB25,880,000) and the weighted average number of ordinary shares of 1,506,626,630 (2014: 1,213,229,589) in issue during the year.

Diluted earnings per share

For the years ended 31 December 2015 and 2014, 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 2015 and 2014.

11. DIVIDEND

The directors do not recommend the payments of any dividend in respect of the year ended 31 December 2015 (2014: Nil).

12. TRADE RECEIVABLES

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

	2015	2014
	RMB'000	*RMB'000*
0 to 90 days	**60,845**	65,890
91 to 180 days	**13,191**	14,507
181 to 365 days	**24,232**	4,266
Over 365 days	**3,263**	2,092
	101,531	86,755

The Group's trading terms with customers are mainly on credit. The credit terms generally ranging from 30 to 120 days (2014: 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.

13. SHARE CAPITAL

	Note	Number of shares	Amount *HK$'000*	Amount *RMB'000*
Authorised:				
Ordinary shares of HK$0.1 each				
At 1 January 2014, 31 December 2014, 1 January 2015 and 31 December 2015		10,000,000,000	1,000,000	863,495
Issued and fully paid:				
At 1 January 2014		1,152,000,000	115,200	94,829
Issue of consideration shares	*(a)*	230,400,000	23,040	18,233
At 31 December 2014 and 1 January 2015		1,382,400,000	138,240	113,062
Issue of share upon placing	*(b)*	276,480,000	27,648	21,775
At 31 December 2015		**1,658,880,000**	**165,888**	**134,837**

Note:

(a) On 17 September 2014, 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 places for up to 230,400,000 new shares at a price of HK$0.38 per placing share. The placing have been completed on 26 September 2014.

(b) On 9 July 2015, 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 places for up to 276,480,000 new shares at a price of HK$0.345 per placing share. The placing have been completed on 21 July 2015.

14. TRADE PAYABLES

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

	2015 ***RMB'000***	2014 *RMB'000*
0 to 90 days	**10,444**	14,712
91 to 180 days	**102**	5,751
181 to 365 days	**25**	92
Over 365 days	**1,668**	1,619
	12,239	22,174

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 and other parts, and the trading of rubber. The Group also deploys financial resource to securities investment to achieve earnings in the form of capital appreciation and income from dividends. During the year ended 31 December 2015, the Group disposed the business of trading of garment accessories.

Manufacture and sale of nonwoven fabric products

Manufacture and sale of nonwoven fabric products is the core business of the Group. 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 customers of nonwoven fabric products 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 in the PRC were approximately 21,070,000 units and 21,140,000 units respectively for the year ended 31 December 2015, representing an slightly increase of approximately 5.8% and 7.3%. However, as a result of increasing competition in the automotive industry, there was a decrease trend in profit margin of certain nonwoven fabric products of the Group during the year ended 31 December 2015.

Supply and procurement operation

The Group commenced its business of rubber trading since 2012 and the quoted price of rubber was generally varied according to the tendency of the commodities markets. To manage the risk, the Group mainly carried out that business in back-to-back model. As the significant decrease in price of top commodities, crude oil, since the second half of 2014, the Group only accepted the orders with lower default risk and caused a significant decrease in revenue of trading of rubber.

Disposal of business of trading of garment accessories

Since the second quarter of 2013, the Group diversified into the business of trading of garment accessories. The products of trading of garment accessories are mainly nylon tape, polyester tape and polyester string.

As a result of the constantly increasing costs of sales and competition, the business of trading of garment accessories was not expected to grow at its current rate without further investments and developments. On 26 May 2015, the Company disposed the business of trading of garment accessories (the "Disposal") at a consideration of HK$51.0 million. The Disposal was completed on 16 June 2015 and the Company recognized a gain on disposal in the amount of approximately RMB3.7 million.

Placing of new shares

On 30 June 2015, the Company entered into a placing agreement with a placing agent pursuant to which it agreed to procure independent placees to subscribe for an aggregate of 276,480,000 new shares in the Company (the "Placing"). On 9 July 2015, the Company entered into a side letter agreement with the placing agent to revise the placing price to HK$0.345 per placing share. On 21 July 2015, the Placing was completed where a total of 276,480,000 new shares were issued. Net proceeds from the Placing was approximately HK$94.2 million (the "Net Proceeds") which was intended to be used i) for the acquisition and renovation of plants and machineries for its manufacture and sale of nonwoven fabric products business, ii) for the financing of business of trading of rubber and iii) for the potential acquisition of the business of manufacturing of various types of PBS polybutylene succinate ("PBS") and PBS copolymer (the "Possible Acquisition"). At 31 December 2015, the Net Proceeds were utilized as to approximately HK$10.1 million for the acquisition and renovation of plants and machineries for its manufacture and sale of nonwoven fabric products business, as to approximately HK$20 million for financing of business of trading of rubber, as to approximately HK$20 million for payment of earnest money for the Possible Acquisition and the remaining approximately HK$44.1 million were placed with banks and securities house and would be used as intended.

Financial Review

Revenue

The Group's revenue for the years ended 31 December 2015 and 2014 was illustrated as follows:

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Nonwoven fabric for use in automobiles		
— Sales of automotive floor carpets	**96,529**	95,223
— Sales of other automotive parts	**63,507**	74,539
Sales of rubber	**22,057**	153,535
Sales of garment accessories	**13,711**	33,954
	195,804	357,251

For the year ended 31 December 2015, the Group's revenue decreased to approximately RMB195.8 million, compared to approximately RMB357.3 million in 2014, representing a decrease of approximately 45.2%. The decrease in the Group's revenue was mainly attributable to the decrease in revenue of sales of rubber and the disposal of business of trading of garment accessories.

Gross profit

For the year ended 31 December 2015, the Group's gross profit decreased by RMB19.8 million to approximately RMB30.4 million. The decrease was mainly due to the drop in revenue of the Group. On the other hand, trading of rubber requires low value-added services and therefore its gross profit margin is generally lower than the business of manufacturing. The decrease in revenue in the business of rubber trading caused an increase in profit margin of the Group for the year ended 31 December 2015 to approximately 15.5% (2014: 14.0%).

Other income

For the year ended 31 December 2015, The Group's other income increased by approximately RMB171.8 million from approximately RMB11.9 million in 2014 to approximately RMB183.7 million. The increase was mainly due to the increase in fair value gain on held-for-trading investments by approximately RMB170.2 million. At 31 December 2015, the held-for-trading investments of approximately RMB336.3 million mainly comprised of securities from companies listed on the Stock Exchange of Hong Kong.

Share of loss of an associate

The Group's associated company is engaged in the production and sale of polyester fibers used in automobiles in the PRC. As a result of general slowdown in growth in the domestic demand for automobiles in the PRC and intensified price competitions, the associated company continuously incurred loss during the year ended 31 December 2015.

Administrative expenses

For the year ended 31 December 2015, The Group's administrative expenses increased by approximately RMB15.2 million to approximately RMB33.1 million. The increase was mainly attributable to the recognition of an impairment loss on goodwill of business of rubber trading of approximately RMB16.2 million. The impairment loss arose due to the adverse economic situation, management has made certain conservative assumption on the forecast, including but not limited to decrease in estimated turnover.

Profit attributable to the owners of the Company

The profit attributable to the owners of the Company was approximately RMB132.0 million for the year of 2015 compared with approximately RMB25.9 million for the corresponding period of 2014. The increase was mainly due to the increase in fair value gain on held-for-trading investments.

OUTLOOK

The Board expects that 2016 will be a challenging year for the business of manufacture and sale of nonwoven products as the continuously increase in production costs for maintaining competitiveness and enhancing safety requirements to cope with the development of the automotive industry. To maintain its income stream, the Group will still 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; and

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

As a result of the increasing risk of volatility in rubber price since the deterioration in price of crude oil, the Group would be cautious in accepting orders to avoid any downside exposure. In order to have a better use of the Group's fund, the Group increased its financial resource on the business of securities investment and recorded a gain arising from fair value changes of held-for-trading investment during the year. The Board will closely monitor the portfolio of investment to reduce the risks during the unexpected market fluctuations.

On 24 August 2015, the Group entered into a memorandum of understanding with an intention to acquire the business of manufacturing of various types of PBS and PBS copolymer. The Group would perform due diligence review of the business before further proceed the Possible Acquisition.

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

	At 31 December	
	2015	2014
	RMB'000	*RMB'000*
Current assets	**594,039**	296,419
Current liabilities	**55,864**	70,215
Current ratio	**10.63**	4.22

The current ratio of the Group at 31 December 2015 was 10.63 times as compared to that of 4.22 times at 31 December 2014. It was mainly resulted from the net proceeds of placing of new shares of the Company and increase in fair value gain on held-for-trading investments during 2015.

At 31 December 2015, the Group's gearing ratio (represented by totals of bank borrowings and bank overdrafts divided by summation of total bank borrowings, bank overdrafts and equity) amounted to approximately 5.0% (2014: 10.2%).

TREASURY POLICY

The Group generally financed its operations by internal cash resources and bank financing. On 21 July 2015, the Company placed and allotted 276,480,000 shares at HK$0.345 to independent investors. The net proceeds of the placing was approximately RMB74.9 million.

At 31 December 2015, cash and bank balances of the Group amounted to approximately RMB83.3 million (2014: RMB69.4 million), and approximately RMB65.0 million (2014: RMB42.4 million) of which are denominated in Hong Kong dollars and United States dollars. 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 276,480,000 shares of the Company were issued and allotted on 21 July 2015, there has been no material change in the capital structure of the Group since 31 December 2014.

FOREIGN EXCHANGE EXPOSURE

Majority of the assets and liabilities of the Group were denominated in Renminbi, United States dollars and Hong Kong dollars. At 31 December 2015, the Group had no significant exposure under foreign exchange contracts, interest, currency swaps or other financial derivatives.

SIGNIFICANT INVESTMENTS

At 31 December 2015, the Group held (i) approximately 300 million shares (approximately 7.8%) of Lerado Group (Holding) Company Limited ("LG") and (ii) approximately 227.3 million shares (approximately 1.5%) of China Jicheng Holdings Limited ("CJH"). The shares of LG and CJH were listed on the Main Board of Stock Exchange. The Group's investment in LG and CJH were collectively referred to as the "Significant Investments".

Detail of the Significant Investments are as follows:

Company	Year ended 31 December 2015 Fair value gain/(loss) *RMB'000*	At 31 December 2015 Market value *RMB'000*	Approximate percentage of held-for-trading investments	Approximate percentage to the net assets	At 31 December 2014 Market Value *RMB'000*
LG	(32,163)	37,437	11.1%	6.7%	—
CJH	241,994	260,747	77.5%	46.4%	—
Total		298,184			—

LG is principally engaged in providing financial services, and manufacturing and distributing children plastic toys and medical care products. CJH is principally engaged in the manufacturing and sale of POE umbrellas, nylon umbrellas and umbrella parts. Based on the unaudited management accounts of the Group, the market value of the Significant Investments at 30 March 2016 (approval date for issuance of annual results) are approximately RMB268 million. The market sentiment has improved since September 2015. Looking ahead, the value of the Significant Investments may be susceptible to the overall equity market conditions.

Except the Significant Investments, at 31 December 2015, there was no investment held by the Group which value was more than 5% of the net assets of the Group.

MATERIAL ACQUISITIONS OR DISPOSALS

Except the disposal of business of trading of garment accessories on 26 May 2015, there was no material acquisitions or disposal of subsidiaries and affiliated companies by the Group for the year ended 31 December 2015.

PLEDGE ON ASSETS

At 31 December 2015, the Group's buildings with a carrying amounts of approximately RMB6.6 million (2014: RMB11.3 million) and prepaid land lease payments with a carrying amounts of approximately RMB2.8 million (2014: RMB2.8 million) were pledged to banks for bank borrowings.

EMPLOYEES AND REMUNERATION POLICY

At 31 December 2015, the Group employed a total of 150 employees (2014: 173). The remuneration 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 remuneration policy and structure for all directors and senior management of the Group.

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 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, 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 year.

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 the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the 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.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance to protect the interests of the shareholders of the Company. The Company's corporate governance practices are based on principles and code provisions as set out in the Corporate Governance Code ("Code") in Appendix 14 to the Listing Rules. Except for the deviation from Code provision A.2.1 and A.6.7, the Company complied with the Code for the year ended 31 December 2015.

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 other business engagements, two independent non-executive Directors, Mr. Feng Xueben and Ms. Sung Kwan Wun, were unable to attend the general meetings of the Company held on 5 June 2015.

AUDIT COMMITTEE

The Company established an audit committee on 13 September 2010 with written terms of reference in compliance with the Listing Rules. At 31 December 2015, the audit committee comprises three independent non-executive Directors, namely Mr. Mak Wai Ho (chairman of the audit committee), Ms. Ng Li La, Adeline and Ms. Sung Kwan Wun. The audited consolidated results of the Group for the year ended 31 December 2015 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 Order of the Board
China Automotive Interior Decoration Holdings Limited
Zhuang Yuejin
Chairman

Hong Kong, 30 March 2016

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, Ms. Ng Li La, Adeline and Ms. Sung Kwan Wun.