

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.



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)

DISCLOSEABLE TRANSACTION IN RELATION TO PROPOSED INVESTMENT IN A LICENSED CORPORATION

PROPOSED SUBSCRIPTION OF TARGET SHARES

On 28 June 2016, KEEN CAPITAL, a wholly-owned subsidiary of the Company, the Target Company and the Other Subscriber entered into Subscription Agreement, pursuant to which, among others, KEEN CAPITAL has conditionally agreed to subscribe, and the Target Company has conditionally agreed to allot and issue, 425,720,000 new ordinary shares in the Target Company at the Consideration of HK\$30,000,000. The Target Shares to be subscribed by KEEN CAPITAL represent 42.00% of the issued share capital of the Target Company as enlarged by the allotment and issue of the Total Subscription Shares to be issued by the Target Company at or about the same time.

LISTING RULES IMPLICATIONS

As one or more applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the subscription of Target Shares is 5% or more and all the applicable percentage ratios are less than 25%, the subscription of Target Shares constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

As the Subscription Agreement may or may not be completed, the Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

DETAILS OF THE SUBSCRIPTION AGREEMENT

Date: 28 June 2016

Issuer: GEO Securities Limited (as the Target Company)

Subscribers: (i) Keen Capital International Limited, a wholly-owned subsidiary of the Company
(ii) the Other Subscriber

To the best of the Directors' knowledge having made all reasonable enquiry, the Target Company, the Other Subscriber and their respective ultimate beneficial owners are Independent Third Parties.

PROPOSED SUBSCRIPTION OF TARGET SHARES

KEEN CAPITAL have conditionally agreed to subscribe, and the Target Company has conditionally agreed to allot and issue, 425,720,000 new ordinary shares in the Target Company at the Consideration pursuant to Subscription Agreement.

The Target Shares to be subscribed by KEEN CAPITAL represent 42.00% of the issued share capital of the Target Company as enlarged by the allotment and issue of the Total Subscription Shares to be issued by the Target Company at or about the same time.

Following the Completion Date, the investment in the Target Company will be classified as an "interests in associates" and accounted for using the equity method of accounting in the consolidated financial statements of the Group.

CONSIDERATION

The Consideration for the Target Shares is in the amount of HK\$30,000,000. The Consideration shall be payable by KEEN CAPITAL in cash on the Completion Date and will be funded by the internal resources of the Group and/or external financing if necessary.

The Consideration was arrived at after arm's length negotiations between the Target Company and the Company after taking into account (i) the licensed status of the Target Company to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO; (ii) the historical operating and performance of the Target Company; (iii) the proposed use of proceeds of the Subscription by the Target Company and (iv) the growth potential of the business of the Target Company upon completion of the Subscription.

CONDITIONS OF THE SUBSCRIPTION

Completion is conditional upon on or before the Completion Date, among other things, the satisfaction of the following conditions:

- (1) the Securities and Futures Commission approving the Subscribers can become the substantial shareholders of the Target Company;
- (2) key members of the existing management of the Target Company continuing to be employed at Completion Date and, in particular, Mr. Lun Sheung Nim to enter into a two years services contract with the Target Company on terms acceptable to the Subscribers; and
- (3) no material adverse change having occurred to the business, assets, financial position and performance of the Target Company.

COMPLETION

Completion shall take place at the offices of the Target Company in Hong Kong on the Completion Date in accordance with the terms of Subscription Agreement.

INFORMATION OF THE TARGET COMPANY

The Target Company is a limited liability company established in Hong Kong. The Target Company has the licenses to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO and is currently acting as an introducing agent. The Target Company is managed by Mr. Lun Sheung Nim (“Mr. Lun”), who is the honorary president of Hong Kong Institute of Financial Analysts and Professional Commentators Limited.

Financial information of the Target Company is as follows:

	For the year ended 31 March 2016 HK\$'000 (unaudited)	For the year ended 31 March 2015 HK\$'000 (audited)
Revenue	10,506	5,465
Net loss before and after taxation	562	554

As at 31 March 2016 and 2015, the Target Company had net assets of approximately HK\$5,436,000 (unaudited) and HK\$4,898,000 (audited) respectively.

REASONS FOR INVESTMENT IN THE TARGET COMPANY

The Company, through its subsidiaries, is engaged in the manufacture and sale of non-woven fabric products used in automotive interior decoration parts and other parts, and the trading of rubber. The Company also deploys financial resource to securities investment to achieve earnings in the form of capital appreciation and income from dividends.

In order to diversify its business for maximizing returns to the Shareholders, the Company has been actively seeking various investment opportunities. The Target Company is a licensed corporation to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO. The responsible officer of the Target Company is Mr. Lun, who has all-rounded experiences in securities advisory, corporate finance and fund management.

In addition, the recent Shanghai – Hong Kong Stock Connect Scheme is expected to increase the trading volume of the stock transactions in Hong Kong and thus the revenue of securities industry in Hong Kong. In view of the Consideration from the Subscription for expansion of business of the Target Company, going forward, the Company is expected to be benefited from diversifying a new profit stream which enhance the long-term growth potential of the Company.

The Board is of the view that the subscription of Target Shares will provide a prime opportunity for the Group to tap into the business of financial services, being a new business opportunity to the Group. The Board consider that the subscription of Target Shares has been made on normal commercial terms and that such terms are fair and reasonable and that the subscription of Target Shares is in the interest of the Company and the Shareholder as a whole.

LISTING RULES IMPLICATIONS

As one or more applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the subscription of Target Shares is 5% or more and all the applicable percentage ratios are less than 25%, the subscription of Target Shares constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

As the Subscription Agreement may or may not be completed, the Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

DEFINITIONS

Unless otherwise stated, the terms in this announcement have the following meanings:

“Board”	the board of Directors
“Company”	China Automotive Interior Decoration Holdings Limited, a company incorporated in Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Completion Date”	means the date on which the completion takes place which is expected to be on or before 31 October 2016 (or such other date as the parties hereto may agree in writing)
“Consideration”	the consideration of HK\$30,000,000 for the subscription by KEEN CAPITAL for the Target Shares pursuant to Subscription Agreement
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	means any person or company and their respective ultimate beneficial owner(s) which are third parties independent of the Company and its connected persons (as defined in the Listing Rules)
“KEEN CAPITAL”	Keen Capital International Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Other Subscriber”	a company incorporated in the British Virgin Islands with limited liability and the subscriber of 283,780,000 new ordinary shares in the Target Company pursuant to Subscription Agreement
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	shareholder(s) of the Company

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	KEEN CAPITAL and the Other Subscriber
“Subscription”	the subscription of Total Subscription Shares by the Subscribers pursuant to Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 28 June 2016 between the Target Company and the Subscribers in relation to the Subscription
“Target Company”	GEO Securities Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO
“Target Shares”	425,720,000 new ordinary shares in the Target Company to be allotted and issued by the Target Company to KEEN CAPITAL pursuant to Subscription Agreement
“Total Subscription Shares”	a total of 709,500,000 new ordinary shares in the Target Company to be allotted and issued by the Target Company to the Subscribers pursuant to Subscription Agreement
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“%”	per cent

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

Hong Kong, 28 June 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 and Ms. Ng Li La, Adeline.