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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)

**PROPOSED RIGHTS ISSUE ON THE BASIS OF
THREE (3) RIGHTS SHARES FOR EVERY TWO (2) EXISTING SHARES
HELD ON THE RECORD DATE**

PROPOSED RIGHTS ISSUE

The Company proposes to issue 262,672,656 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date) to raise gross proceeds of up to approximately HK\$34.1 million at the Subscription Price of HK\$0.13 per Rights Share on the basis of three (3) Rights Shares for every two (2) existing Shares held on the Record Date. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders.

The net proceeds from the Rights Issue (after deducting all necessary costs and expenses) are estimated to be approximately HK\$32.0 million (assuming no change in the number of Shares in issue on or before the Record Date).

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company at the close of business on the Record Date and not be a Non-Qualifying Shareholder. In order to be registered as a member of the Company on the Record Date, all transfer documents of the Shares (together with the relevant share certificate(s)) must be lodged for registration with the Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by no later than 4:30 p.m. on Friday, 10 October 2025.

As at the date of this announcement, the Company has no substantial shareholder as defined under the Listing Rules and accordingly has not received any information or irrevocable undertaking from any substantial shareholder of the Company of their intention in relation to the Rights Shares to be allotted to them under the Rights Issue.

THE COMPENSATORY ARRANGEMENTS AND THE PLACING AGREEMENT

According to Rule 7.21(1)(b) of the Listing Rules, the Company will make the Compensatory Arrangements to dispose of the Unsubscribed Rights Shares, comprising those Rights Shares that are not subscribed by the Qualifying Shareholders and the NQS Rights Shares that are not successfully sold by the Company as described in the paragraph headed “Arrangements for the NQS Rights Shares” in this announcement, by offering these Unsubscribed Rights Shares to independent placees, who and whose ultimate beneficial owners(s) shall be Independent Third Party(ies), for the benefit of the relevant No Action Shareholders. There will be no excess application arrangements in relation to the Rights Issue.

Accordingly, on Wednesday, 10 September 2025 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed to, on a best effort basis, procure placee(s), who and whose ultimate beneficial owner(s) are Independent Third Party(ies), to subscribe for the Unsubscribed Rights Shares. The placing price of the Unsubscribed Rights Shares shall be not less than the Subscription Price. Any Untaken Shares will be taken up by the Underwriter pursuant to the terms of the Underwriting Agreement.

Details of the major terms and conditions precedent of the Placing Agreement are set out in the section headed “THE PLACING AGREEMENT” in this announcement.

UNDERWRITING AGREEMENT

On Wednesday, 10 September 2025 (after trading hours), the Company entered into the Underwriting Agreement with the Underwriter, pursuant to which the Underwriter has conditionally agreed to fully underwrite the Untaken Share up to 262,672,656 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date), subject to the terms and conditions set out in the Underwriting Agreement.

Details of the major terms and conditions precedent of the Underwriting Agreement are set out in the section headed “THE UNDERWRITING AGREEMENT” in this announcement.

LISTING RULES IMPLICATIONS

In accordance with Rule 7.19A(1) and Rule 7.27A(1) of the Listing Rules, as the Rights Issue will increase the total number of issued Shares of the Company by more than 50% within 12 months period immediately preceding the date of this announcement, the Rights Issue is conditional upon the Independent Shareholders’ approval at the EGM, and any controlling shareholders of the Company and their associates, or where there are no controlling shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution(s) in relation to the Rights Issue at the EGM. As at the date of this announcement, the Company has no controlling shareholder as defined under the Listing Rules, and the executive Directors, Mr. Zhuang Yuejin, Ms. Xiao Suni, and the independent non-executive Director, Ms. Zhu Chunyan, respectively hold 15,164,800 Shares (approximately 8.66% of the Shares), 790,000 Shares (approximately 0.45% of the Shares) and 790,000 Shares (approximately 0.45% of the Shares). Accordingly, the executive Directors, Mr. Zhuang Yuejin and Ms. Xiao Suni are required to abstain from voting in favour of the resolution(s) in relation to the Rights Issue at the EGM.

The Rights Issue will not result in a theoretical dilution effect of 25% or more. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS FOR EGM

The register of members of the Company will be closed from Monday, 29 September 2025 to Monday, 6 October 2025 (both dates inclusive) for the purpose of determining the identity of the Shareholders entitled to attend and vote at the EGM. The record date will be Monday, 6 October 2025. No transfer of Shares will be registered during the above book closure period.

CLOSURE OF REGISTER OF MEMBERS FOR RIGHTS ISSUE

The register of members of the Company will be closed from Monday, 13 October 2025 to Friday, 17 October 2025 (both dates inclusive) for the purpose of determining entitlements to the Rights Issue. The Record Date will be Friday, 17 October 2025. No transfer of Shares will be registered during the above book closure period.

The Company adopted a share option scheme on 5 June 2015, which had expired on 4 June 2025. No share option scheme has been adopted by the Company afterwards. As disclosed in the annual report of the Company for the year ended 31 December 2024, an aggregate of 4,800,000 share options granted under the share option scheme remained outstanding as at 31 December 2024 and the date of the annual report (the “**Outstanding Share Options**”). The Outstanding Share Options were lapsed before the date of this announcement. As at date of this announcement, there is no shares options granted under the share option scheme remained outstanding. As at the date of this announcement, the Company has no outstanding derivatives, options, warrants, conversion rights or other similar rights which are convertible or exchangeable into or confer any right to subscribe for Shares. The Company has no intention to issue or grant any Shares, convertible securities, warrants and/or options on or before the Record Date.

THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER

The Company has established the Independent Board Committee, comprising all the independent non-executive Directors, namely, Mr. Yuen Wai Keung, Ms. Ng Li La, Adeline and Ms. Zhu Chunyan, to advise the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM. Vinco Financial Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable.

GENERAL

The EGM will be convened for the Shareholders to consider and, if fought fit, approve the Rights Issue. The Circular containing, among other things, (i) further information regarding the Rights Issue, the Placing Agreement and the Underwriting Agreement; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue; (iv) other information required under the Listing Rules; and (v) the notice of the EGM is expected to be despatched to the Shareholders on or before Wednesday, 17 September 2025.

Subject to the fulfilment of the conditions of the Rights Issue, the Company will despatch the Prospectus Documents containing, among other matters, details of the Rights Issue, to the Qualifying Shareholders on or before Monday, 20 October 2025. The Company will dispatch the Prospectus (without the PAL(s)) to the Non-Qualifying Shareholders (if any) for their information purpose only to the extent permitted under the relevant laws and regulations and reasonably practicable.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE NIL-PAID RIGHTS SHARES

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the section headed “Termination of the Underwriting Agreement” in this announcement). Accordingly, the Rights Issue may or may not proceed.

The Shares are expected to be dealt in on an ex-rights basis from Thursday, 9 October 2025. Dealings in the Rights Shares in nil-paid form are expected to take place from 9:00 a.m. on Wednesday, 22 October 2025 to 4:00 p.m. on Thursday, 30 October 2025 (both days inclusive). Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares. Any Shareholder or other person dealing in the Shares and/or the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled or waived (as applicable) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the existing Shares and/or the nil-paid Rights Shares. Any party (including Shareholders and potential investors of the Company) who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).

PROPOSED RIGHTS ISSUE

The Company proposes to issue 262,672,656 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date) to raise gross proceeds of up to approximately HK\$34.1 million at the Subscription Price of HK\$0.13 per Rights Share on the basis of three (3) Rights Shares for every two (2) existing Shares held on the Record Date. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders.

Further details of the Rights Issue are set out below:

Rights Issue statistics

Basis of the Rights Issue:	Three (3) Rights Shares for every two (2) existing Shares held by the Shareholders on the Record Date
Subscription Price:	HK\$0.13 per Rights Share
Number of Shares in issue as at the date of this announcement:	175,115,104 Shares
Number of Rights Shares to be issued pursuant to the Rights Issue:	Up to 262,672,656 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date)
Aggregate nominal value of the Rights Shares:	Up to HK\$6,566,816.40 before expenses (assuming no change in the number of Shares in issue on or before the Record Date)
Number of Rights Shares underwritten:	Up to 262,672,656 Rights Shares to be underwritten by the Underwriters pursuant to the terms of the Underwriting Agreement
Total number of Shares in issue upon completion of the Rights Issue:	Up to 437,787,760 Shares (assuming no change in the number of Shares in issue on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue)
Gross proceeds from the Rights Issue:	Up to approximately HK\$34.1 million before deduction of the costs and expenses which the Company will incur in the Rights Issue (assuming no change in the number of Shares in issue on or before the Record Date)
Net proceeds from the Rights Issue:	Up to approximately HK\$32.0 million after deducting all necessary costs and expenses (assuming no change in the number of Shares in issue on or before the Record Date)

The Company adopted a share option scheme on 5 June 2015, which had expired on 4 June 2025. No share option scheme has been adopted by the Company afterwards. As disclosed in the annual report of the Company for the year ended 31 December 2024, an aggregate of 4,800,000 share options granted under the share option scheme remained outstanding as at 31 December 2024 and the date of the annual report (the “**Outstanding Share Options**”). The Outstanding Share Options were lapsed before the date of this announcement. As at date of this announcement, there is no shares options granted under the share option scheme remained outstanding. As at the date of this announcement, the Company has no outstanding derivatives, options, warrants, conversion rights or other similar rights which are convertible or exchangeable into or confer any right to subscribe for Shares. The Company has no intention to issue or grant any Shares, convertible securities, warrants and/or options on or before the Record Date.

Assuming no change in the number of Shares in issue on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue, the 262,672,656 Rights Shares proposed to be issued pursuant to the Rights Issue represent (i) approximately 150.00% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 60.00% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares immediately after completion of the Rights Issue.

Undertakings

At the date of this announcement, the Company has no substantial shareholder as defined under the Listing Rules and accordingly has not received any information or irrevocable undertaking from any substantial shareholder of the Company of their intention in relation to the Rights Shares to be allotted to them under the Rights Issue.

Qualifying Shareholders

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company at the close of business on the Record Date and not be a Non-Qualifying Shareholder.

Shareholders with their Shares held by nominee(s) (or held in CCASS) should note that the Board will consider the said nominee (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company and are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own names prior to the Record Date.

In order to be registered as a member of the Company on the Record Date, all transfer documents of the Shares (together with the relevant share certificate(s)) must be lodged for registration with the Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by no later than 4:30 p.m. on Friday, 10 October 2025. The last day for dealing in the Shares on a cum-rights basis is Wednesday, 8 October 2025, and the Shares will be dealt with on an ex-rights basis from Thursday, 9 October 2025.

Acceptance for all or any part of a Qualifying Shareholder's provisional allotment should be made only by lodging a duly completed PAL with a remittance for the Rights Shares being accepted by the Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by the Latest Time for Acceptance.

Qualifying Shareholders who take up their pro rata entitlement in full will not suffer any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements). If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.

Rights of the Overseas Shareholders (if any)

The Prospectus Documents are not intended to be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. The Company will comply with Rule 13.36(2)(a) of the Listing Rules to make enquiries regarding the feasibility of extending the offer of the Rights Issue to Overseas Shareholders, if any. Based on the register of members of the Company as at 13 August 2025, there were eight Overseas Shareholders, with registered addresses situated in the PRC and Taiwan, holding an aggregate of 12,820,000 Shares representing approximately 7.32% of the issued share capital of the Company. If based on the legal advice to be provided by the legal advisor of the Company, the Board considers that it would be necessary or expedient not to offer the Rights Shares to the Overseas Shareholders on account of either the legal restrictions under the laws of the relevant jurisdiction or the requirements of the relevant regulatory body or stock exchange in such relevant jurisdiction, the Rights Issue will not be extended to such Overseas Shareholders. In such circumstances, the Rights Issue will not be extended to the Non-Qualifying Shareholders. The basis for excluding the Non-Qualifying Shareholders, if any, from the Rights Issue will be set out in the Prospectus to be issued.

Arrangements for the NQS Rights Shares

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence and before the last day for dealing in the nil-paid Rights Shares, if a premium (net of expenses) can be obtained. Any net proceeds of sale thereof, after deduction of expenses, will be paid in Hong Kong dollars to the Non-Qualifying Shareholders pro rata to their respective entitlements, provided that if any of such persons would be entitled to a sum not exceeding HK\$100, such sum will be retained by the Company for its own benefit. Any such unsold nil-paid Rights Shares to which such Non-Qualifying Shareholders would otherwise have been entitled will be offered for subscription by the Placing Agent to the Placees under the Placing and, if not successfully placed out, will be taken up by the Underwriter pursuant to the terms of the Underwriting Agreement.

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue, subject to the results of enquiries made by the Directors pursuant to Rule 13.36(2)(a) of the Listing Rules. Accordingly, the Overseas Shareholders should exercise caution when dealing in the Shares.

Basis of provisional allotments

The basis of the provisional allotment shall be three (3) Rights Shares (in nil-paid form) for every two (2) existing Shares held by the Shareholders as at the close of business on the Record Date at the Subscription Price payable in full on acceptance and otherwise on the terms and subject to the conditions set out in the Prospectus Documents.

Subscription Price

The Subscription Price is HK\$0.13 per Rights Share, payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares and, where applicable, when a transferee of nil-paid Rights Shares applies for the Rights Shares. The Subscription Price represents:

- (i) a discount of approximately 29.73% to the closing price of HK\$0.1850 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 29.27% to the average closing price of approximately HK\$0.1838 per Share for the last five trading days as quoted on the Stock Exchange before the Last Trading Day;
- (iii) a discount of approximately 28.81% to the average closing price of approximately HK\$0.1826 per Share for the last ten trading days as quoted on the Stock Exchange before the Last Trading Day;
- (iv) a discount of approximately 14.47% to the theoretical ex-rights price of approximately HK\$0.1520 per Share, based on the closing price of HK\$0.1850 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (v) theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a discount of approximately 17.84%, based on the theoretical diluted price of approximately HK\$0.1520 per Share to the benchmarked price (as defined under Rule 7.27B of the Listing Rules, taking into account the closing price on the Last Trading Day of HK\$0.1850 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five previous consecutive trading days prior to the date of this announcement of approximately HK\$0.1838 per Share) of approximately HK\$0.1850 per Share; and
- (vi) a discount of approximately 88.13% over the consolidated net asset value per existing Share of approximately HK\$1.096 (based on the latest published consolidated net asset value of the Company of RMB176,023,000 (equivalent to HK\$191,865,070) as at 30 June 2025).

The estimated net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue) upon full acceptance of the provisional allotment of the Rights Shares will be approximately HK\$0.1216 (assuming no change in the number of Shares in issue on or before the Record Date).

The Subscription Price was determined by the Company with reference to, among others, (i) the market price of the Shares under the prevailing market conditions; (ii) the current business performance and financial position of the Group; (iii) the reasons as discussed in the paragraph headed “REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS” below in this announcement.

The Directors (excluding the members of the Independent Board Committee, whose opinion will be provided after taking into account the advice of the Independent Financial Adviser) consider that, despite any potential dilution impact of the proposed Rights Issue on the shareholding interests of the Shareholders, the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole, after taking into account that (i) the Qualifying Shareholders who do not wish to take up their provisional entitlements under the Rights Issue can sell the nil-paid rights in the market; (ii) the Rights Issue allows the Qualifying Shareholders to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company at a relatively low price as compared to the historical market price of the Shares and discount to the recent closing prices of the Shares; and (iii) the proceeds from the Rights Issue can fulfil the funding needs of the Group.

Status of Rights Shares

The Rights Shares (when allotted, issued and fully-paid) will rank pari passu in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid, the record dates of which are on or after the date of allotment and issue of the fully-paid Rights Shares.

Stamp duty and other applicable fees and charges

Dealings in the Rights Shares (in both nil-paid and fully-paid forms) will be subject to payment of stamp duty, Stock Exchange trading fee, SFC transaction levy, and any other applicable fees and charges in Hong Kong.

Share certificates and refund cheques for the Rights Issue

Subject to the fulfilment of the conditions of the Rights Issue as set out in the paragraph headed “THE UNDERWRITING AGREEMENT – Conditions of the Rights Issue” in this announcement, share certificates for all fully-paid Rights Shares are expected to be posted on or around Wednesday, 19 November 2025 by ordinary post to the allottees, at their own risk, to their registered addresses. If the Rights Issue does not become unconditional, refund cheques will be posted on or around Wednesday, 19 November 2025 by ordinary post to the respective Shareholders, at their own risk, to their registered addresses.

Odd lot arrangements

In order to facilitate the trading of odd lots (if any) of the Shares, a designated broker will be appointed to stand in the market to match the purchase and sale of odd lots of the Shares at the relevant market price, on a best effort basis. Shareholders should note that matching of the sale and purchase of odd lots of the Shares is not guaranteed. Any Shareholder who is in any doubt about the odd lots arrangement is recommended to consult his/her/its own professional advisers. Further details in respect of the odd lots trading arrangement will be set out in the Prospectus.

Fractions of Rights Shares

The Company will not provisionally allot fractions of Rights Shares in nil-paid form to the Qualifying Shareholders and no entitlements of the Non-Qualifying Shareholders to the Rights Shares shall be issued to the Non-Qualifying Shareholders. All fractions of Rights Shares will be aggregated (and rounded down to the nearest whole number of a Share) and all nil-paid Rights Shares arising from such aggregation will be sold in the market for the benefit of the Company if a premium (net of expenses) can be achieved.

Taxation

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the fully-paid Rights Shares and, regarding Overseas Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf.

Application for listing of the Rights Shares

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Rights Shares, in both their nil-paid and fully-paid forms. No part of the securities of the Company in issue or for which listing or permission to deal is being or is proposed to be sought is listed or dealt in on any stock exchange other than the Stock Exchange.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Procedures in respect of the Unsubscribed Rights Shares and the Compensatory Arrangements

According to Rule 7.21(1)(b) of the Listing Rules, the Company will make the Compensatory Arrangements to dispose of the Unsubscribed Rights Shares, comprising those Rights Shares that are not subscribed by the Qualifying Shareholders and the NQS Rights Shares that are not successfully sold by the Company as described in the paragraph headed “Arrangements for the NQS Rights Shares” in this announcement, by offering these Unsubscribed Rights Shares to independent placees, who and whose ultimate beneficial owners(s) shall be Independent Third Party(ies), for the benefit of the relevant No Action Shareholders. There will be no excess application arrangements in relation to the Rights Issue.

The Company appointed the Placing Agent to place the Unsubscribed Rights Shares after the Latest Time for Acceptance to independent placees. Any premium over, the aggregate amount of (i) the Subscription Price for those Rights Shares; and (ii) the expenses of the Placing Agent (including any other related expenses/fees), that is realised from the Placing (the “**Net Gain**”) will be paid to the No Action Shareholders on a pro-rata basis. The Placing Agent will on a best effort basis, procure, by not later than 4:00 p.m. on 11 November 2025, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares if a premium over the Subscription Price and the expenses of procuring such acquirers (including any related commissions and any other related expenses/fees) can be obtained. Any Untaken Shares will be taken up by the Underwriter pursuant to the terms of the Underwriting Agreement.

Net Gain (if any) will be paid (without interest) on pro-rata basis (on the basis of all Unsubscribed Rights Shares) to the No Action Shareholders (but rounded down to the nearest cent). It is proposed that Net Gain to any of the No Action Shareholder(s) of HK\$100 or more will be paid to them in Hong Kong Dollars only and the Company will retain individual amounts of less than HK\$100 for its own benefit. Shareholders are reminded that Net Gain may or may not be realised, and accordingly the No Action Shareholders may or may not receive any Net Gain.

THE PLACING AGREEMENT

On Wednesday, 10 September 2025 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed to, on a best effort basis, procure placee(s), who and whose ultimate beneficial owner(s) are Independent Third Party(ies), to subscribe for the Unsubscribed Rights Shares. If all the Rights Shares are already fully taken up in the Rights Issue through the PAL(s), the Placing will not proceed. Further details of the Placing Agreement are set out below:

Date: 10 September 2025 (after trading hours)

Placing agent: Astrum Capital Management Limited. The Placing Agent was appointed as the Placing Agent to procure, on a best effort basis, placees to subscribe for the Unsubscribed Rights Shares during the Placing Period.

The Placing Agent confirmed that it and its ultimate beneficial owners (i) are not Shareholder(s); and (ii) are Independent Third Parties.

Placing commission: The Company shall pay the Placing Agent a placing commission equivalent to 1.5% of the amount which is equal to the placing price multiplied by the total number of the Unsubscribed Rights Shares which are successfully placed by the Placing Agent.

Placing price of the Unsubscribed Rights Shares: The placing price of the Unsubscribed Rights Shares shall be not less than the Subscription Price.

The final price will be determined based on the demand and market conditions of the Unsubscribed Rights Shares during the process of placement.

Placees:

The Placing Agent undertakes to procure that the Unsubscribed Rights Shares shall only be placed to individuals, corporate, institutional investor(s) or other investor(s), who and whose ultimate beneficial owner(s) shall be Independent Third Party(ies) and are not acting in concert with any of the connected persons of the Company and their respective associates.

The Placing Agent undertakes (i) to make all reasonable enquiries to ensure that the Placee(s) and their respective ultimate beneficial owners (if applicable) will be Independent Third Parties; and (ii) that it will ensure the Placing will not, upon its completion, result in the Company being unable to comply with the Public Float Requirement.

Ranking of Unsubscribed Rights Shares:

The Unsubscribed Rights Shares (when placed, allotted, issued and fully paid) shall rank *pari passu* in all respects among themselves and with the Shares then in issue.

Conditions of the Placing Agreement:

The Placing is subject to and conditional upon (i) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Rights Shares; (ii) the Rights Issue having become unconditional; (iii) none of the representations, warranties or undertakings contained in the Placing Agreement being or having become untrue, inaccurate or misleading in any material respect at any time before the completion, and no fact or circumstance having arisen and nothing having been done or omitted to be done which would render any of such undertakings, representations or warranties untrue or inaccurate in any material respect if it was repeated as at the time of completion; (iv) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained; and (v) the Placing Agreement not having been terminated in accordance with the provisions thereof.

The Placing Agent may at its absolute discretion waive condition (iii) above by notice in writing to the Company. All of the other conditions are non-waivable.

If the above conditions are not fulfilled or waived by the Latest Time for Termination or become incapable of being fulfilled, the Placing will lapse and all rights, obligations and liabilities of the Company and the Placing Agent in relation to the Placing shall cease and determine, save for any accrued rights or obligations under the Placing Agreement or antecedent breaches thereof.

Placing Period:

The period from Friday, 7 November 2025 and ending at 4:00 p.m. on Tuesday, 11 November 2025, or such other dates as the Company may announce, being the period during which the Placing Agent will seek to effect the Compensatory Arrangements.

Rescission of the Placing Agreement:

The Placing Agent may terminate the Placing Agreement at any time prior to the Latest Time for Termination by mutual written agreement between the Placing Agent and the Company if significant adverse changes in national or international financial, political, or economic conditions, taxation, or exchange controls materially prejudice the Placing, or if new laws, regulations, or events adversely impact the Group's business, financial position, or prospects. Termination is also permitted if the Placing Agent discovers a material breach of the Company's representations and warranties, an event rendering them materially untrue, or a material adverse change in the Company's financial position, or if a moratorium, suspension, or restriction on Stock Exchange trading that materially affects the Placing.

The Company shall use its best endeavours to procure the fulfillment of the conditions precedent to the Placing Agreement by the Latest Time for Termination. If any of the conditions precedent to the Placing Agreement have not been fulfilled by the Latest Time for Termination or become incapable of being fulfilled (subject to the Placing Agent not exercising its rights to waive or extend the time for fulfillment of such conditions), then the Placing will lapse and all rights, obligations and liabilities of the Company and the Placing Agent in relation to the Placing shall cease and determine, save in respect of any accrued rights or obligations under the Placing Agreement or antecedent breach thereof.

The engagement between the Company and the Placing Agent in respect of the Placing Shares (including the commission and expenses payable) was determined after arm's length negotiation between the Placing Agent and the Company and is on normal commercial terms with reference to the existing financial position of the Group, the size of the Rights Issue, and the current and expected market conditions. The Board considers that the terms of Placing Agreement in respect of the Placing Shares (including the commission and expenses payable) are on normal commercial terms.

As explained above, the Unsubscribed Rights Shares will be placed by the Placing Agent to Independent Third Parties on a best effort basis for the benefit of the relevant No Action Shareholders. If all or any of the Unsubscribed Rights Shares are successfully placed, any premium over the Subscription Price and the expenses of the Placing Agent (including any other related expenses/fees) be distributed to the relevant No Action Shareholders on a pro-rata basis.

The Board considered that the Compensatory Arrangements are fair and reasonable and provide adequate safeguard to protect the interests of the Company's minority Shareholders since the Compensatory Arrangements would provide (i) a distribution channel of the Placing Shares to the Company; (ii) an additional channel of participation in the Rights Issue for the Qualifying Shareholders and the Non-Qualifying Shareholders; and (iii) a compensatory mechanism for the No Action Shareholders.

THE UNDERWRITING AGREEMENT

On Wednesday, 10 September 2025 (after trading hours), the Company entered into the Underwriting Agreement with the Underwriter, pursuant to which the Underwriter has conditionally agreed to fully underwrite the Untaken Share up to 262,672,656 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date) subject to the terms and conditions set out in the Underwriting Agreement.

Further details of the Underwriting Agreement are set out below:

Date: 10 September 2025 (after trading hours)

Underwriter: Astrum Capital Management Limited. The Underwriter is a licensed corporation to engage in type 1 (dealing in securities), type 2 (dealing in futures contracts), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO, whose ordinary course of business includes underwriting of securities.

The Underwriter confirmed that it and its ultimate beneficial owners (i) are not Shareholder(s); and (ii) are Independent Third Parties.

Underwriting commission: The Company shall pay the Underwriter an underwriting commission equal to 4.5% of the amount which is equal to the Subscription Price multiplied by the total number of the Underwritten Share.

The engagement between the Company and the Underwriter in respect of the Rights Issue (including the commission and expenses payable) was determined after arm's length negotiation between the Underwriter and the Company and is on normal commercial terms with reference to the existing financial position of the Group, the size of the Rights Issue, and the current and expected market conditions. The Board considers that the terms of Underwriting Agreement in respect of the Rights Issue (including the commission and expenses payable) are on normal commercial terms.

Pursuant to the Underwriting Agreement, when the Underwriter is being called upon to subscribe for or procure subscription for the Untaken Shares, among others:

- (i) no Untaken Shares shall be subscribed for in any jurisdiction (other than Hong Kong) except pursuant to an exemption from, or by a transaction not subject to, the registration requirements of the applicable securities laws of that jurisdiction;
- (ii) the Underwriter shall not subscribe, for its own account, for such number of the Untaken Shares which will result in the shareholding of it and parties acting in concert with it in the Company to be 29.9% or more of the then issued share capital of the Company;
- (iii) the Underwriter shall ensure that the subscribers of the Untaken Shares (including the Underwriter), together with parties acting in concert with it, shall not be holding 29.9% or more of the issued share capital of the Company upon the allotment and issue of the Rights Shares;
- (iv) the Underwriter shall use all reasonable endeavours to procure that each of the subscribers of the Untaken Shares (including any direct and indirect sub-underwriter), shall be third party independent of, not acting in concert with and not connected with the Company and its connected persons; and
- (v) the Underwriter shall, and shall procure the sub-underwriter(s) to, procure independent subscribers to take such number of the Untaken Share as necessary to ensure sufficient public float be maintained upon the allotment and issue of the Rights Shares in compliance with Rule 8.08(1) of the Listing Rules.

Conditions and termination of the Underwriting Agreement

The conditions of the Underwriting Agreement have been set out in the paragraph headed “Conditions of the Rights Issue” below.

In addition, it should be noted that the Rights Issue would not proceed if the Underwriter exercises their termination rights under the Underwriting Agreement. Pursuant to the Underwriting Agreement, if, prior to the Latest Time for Termination:

- (i) in the absolute opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
 - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (ii) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction on trading in securities) occurs which in the absolute opinion of the Underwriter is likely to materially or adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (iii) there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing, the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of members of the Group or the destruction of any material asset of the Group; or
- (iv) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
- (v) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole, or the share price of the Company whether or not ejusdem generis with any of the foregoing; or

- (vi) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the absolute opinion of the Underwriter, a material omission in the context of the Rights Issue; or
- (vii) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of the announcement or the Prospectus Documents or other announcements or circular in connection with the Rights Issue,

the Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement. In any event, the Underwriter reserves the right to, at its sole discretion, terminate the Underwriting Agreement prior to the Latest Time for Termination.

The Underwriter shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

- (i) any material breach of any of the warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriter; or
- (ii) any Specified Event comes to the knowledge of the Underwriter.

Any such notice shall be served by the Underwriter prior to the Latest Time for Termination.

If prior to the Latest Time for Termination any such notice as is referred to above is given, the obligations of all parties under the Underwriting Agreement shall terminate forthwith and neither party shall have any claim against the other in respect of any matter arising out of or in connection with the Underwriting Agreement save for claim (if any) in respect of such continuing clauses or any antecedent breach of the terms of the Underwriting Agreement

Conditions of the Rights Issue

The completion of the Rights Issue is conditional upon:

- (i) the passing by more than 50% of the votes cast by the Independent Shareholders by way of poll of all necessary resolutions to be proposed at the EGM for the transactions contemplated under the Rights Issue to be effective in compliance with the Listing Rules, including but not limited to approving, confirming and/or ratifying the Rights Issue, including the allotment and issue of the Rights Shares in their nil-paid and fully-paid forms;
- (ii) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively of the Prospectus Documents in compliance with the Listing Rules and the Companies (WUMP) Ordinance not later than the Posting Date;
- (iii) following registration, the Prospectus Documents having been made available to the Qualifying Shareholders and the Prospectus for information only to the Non-Qualifying Shareholders the publication of the Prospectus Documents on the website of the Stock Exchange on or before the Posting Date;

- (iv) the grant of listing of the Rights Shares (in both nil-paid and fully paid forms) by the Stock Exchange (either unconditionally or subject only to the allotment and despatch of the share certificates in respect thereof) and the grant of permission to deal in the nil-paid Rights Shares and the fully-paid Rights Shares by the Stock Exchange (and such permission and listing not subsequently having been withdrawn or revoked);
- (v) the obligations of the Underwriter becoming unconditional and that the Underwriting Agreement is not terminated in accordance with its terms on or before the Latest Time for Termination;
- (vi) the compliance with and performance of all undertakings and obligations of the Company under the Underwriting Agreement;
- (vii) the Placing Agreement is not terminated in accordance with its terms on or before the Latest Time for Termination; and
- (viii) all other necessary waivers, consent and approvals (if required) from the relevant governmental or regulatory authorities for the Rights Issue and the transactions contemplated thereunder having been obtained and fulfilled.

All the conditions precedent above cannot be waived. If the conditions precedent set out in the above paragraphs are not satisfied at or prior to the Latest Time for Termination, the Rights Issue will not proceed.

EXPECTED TIMETABLE FOR THE RIGHTS ISSUE

The expected timetable for the Rights Issue is set out below:

The expected timetable for the Rights Issue set out below is indicative only and has been prepared on the assumption that the Rights Issue will be approved by the Independent Shareholders at the EGM. The expected timetable is subject to change, and any such change will be announced in a separate announcement by the Company as and when appropriate.

Events	Time and date
Publication of the announcement in relation to, among other matters, the proposed Rights Issue	Wednesday, 10 September 2025
Expected date of despatch of the circular in relation to, among other matters, the Rights Issue, the notice of the EGM and the form of proxy of the EGM.	on or before Wednesday, 17 September 2025
Latest date and time for lodging transfer documents in order for the transferees to qualify for attending and voting at EGM.	4:30 p.m. on Friday, 26 September 2025

Events	Time and date
Closure of register of members for determining the entitlement to attend and vote at the EGM (both dates inclusive)	Monday, 29 September 2025 to Monday, 6 October 2025
Latest date and time for lodging the proxy form for the EGM	11 a.m. on Saturday, 4 October 2025
Record date for determining entitlements to attend and vote at the EGM	Monday, 6 October 2025
Expected date and time of the EGM to approve the Rights Issue	11 a.m. on Monday, 6 October 2025
Publication of announcement of poll results of the EGM	Monday, 6 October 2025
Re-opening of the register of members of the Company	Wednesday, 8 October 2025
The following events are conditional upon the results of the EGM and therefore the dates are tentative only.	
Last day of dealings in the Shares on a cum-rights basis.	Wednesday, 8 October 2025
First day of dealings in the Shares on an ex-rights basis relating to the Rights Issue.	Thursday, 9 October 2025
Latest date and time for lodging transfer documents of the Shares in order for the transferees to qualify for the Rights Issue	4:30 p.m. on Friday, 10 October 2025
Closure of register of members to determine the entitlements to the Rights Issue (both dates inclusive).	Monday, 13 October 2025 to Friday, 17 October 2025
Record Date for determining entitlements for the Rights Issue.	Friday, 17 October 2025
Re-opening of the register of members of the Company	Monday, 20 October 2025
Expected date of despatch of Prospectus Documents to the Qualifying Shareholders (in the case of the Non-Qualifying Shareholders, the Prospectus only)	Monday, 20 October 2025
First day of dealings in nil-paid Rights Shares	Wednesday, 22 October 2025
Latest time for splitting the PALs	4:30 p.m. on Friday, 24 October 2025

Events	Time and date
Last day of dealings in nil-paid Rights Shares.	Thursday, 30 October 2025
Latest time for acceptance of and payment for the Rights Shares	4:00 p.m. on Tuesday, 4 November 2025
Announcement of the number of Unsubscribed Rights Shares subject to the Compensatory Arrangements.	Thursday, 6 November 2025
Commencement of placing of Unsubscribed Rights Shares by the Placing Agent	Friday, 7 November 2025
Latest time of placing of Unsubscribed Rights Shares by the Placing Agent	4:00 p.m. on Tuesday, 11 November 2025
Latest time for the termination of the Underwriting Agreement and for the Rights Issue to become unconditional	4:00 p.m. on Thursday, 13 November 2025
Announcement of the results of the Rights Issue (including the results of the Placing and the Net Gain)	Tuesday, 18 November 2025
Despatch of share certificates of fully-paid Rights Shares or refund cheques, if any (if the Rights Issue is terminated)	Wednesday, 19 November 2025
First day of dealings in fully-paid Rights Shares commence.	Thursday, 20 November 2025
Payment of Net Gain to relevant No Action Shareholders (if any)	Thursday, 4 December 2025

All times and dates in this announcement refer to Hong Kong local times and dates. The dates or deadlines specified in this announcement for events in the timetable for (or otherwise in relation to) the Rights Issue are indicative only and may be extended or varied by the Company. The Company will make an announcement to notify the Shareholders and the Stock Exchange in the event of any changes to the expected timetable as and when appropriate.

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES

The latest time for acceptance of and payment for Rights Shares will not take place at the time indicated above if there is a tropical cyclone warning signal number 8 or above, a “black” rainstorm warning or “extreme conditions” caused by super typhoons as announced by the Government of Hong Kong:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Tuesday, 4 November 2025. Instead, the latest time for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; or

- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Tuesday, 4 November 2025. Instead, the latest time for acceptance of and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Rights Shares does not take place on Tuesday, 4 November 2025, the dates mentioned in the paragraph headed “EXPECTED TIMETABLE FOR THE RIGHTS ISSUE” above may be affected. The Company will notify the Shareholders by way of announcement(s) of any change to the expected timetable as soon as practicable.

CLOSURE OF REGISTER OF MEMBERS FOR EGM

The register of members of the Company will be closed from Monday, 29 September 2025 to Monday, 6 October 2025 (both dates inclusive) for the purpose of determining the identity of the Shareholders entitled to attend and vote at the EGM. The record date will be Monday, 6 October 2025. No transfer of Shares will be registered during the above book closure period.

CLOSURE OF REGISTER OF MEMBERS FOR RIGHTS ISSUE

The register of members of the Company will be closed from Monday, 13 October 2025 to Friday, 17 October 2025 (both dates inclusive) for the purpose of determining entitlements to the Rights Issue. The Record Date will be Friday, 17 October 2025. No transfer of Shares will be registered during the above book closure period.

EFFECT OF THE RIGHTS ISSUE ON SHAREHOLDINGS IN THE COMPANY

For illustration purposes only, set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after completion of the Rights Issue assuming all Shareholders have taken up all the entitled Rights Shares; (iii) immediately after completion of the Rights Issue assuming none of the Qualifying Shareholders have taken up any entitlements of the Rights Shares and all Unsubscribed Rights Shares have been placed by the Placing Agent; and (iv) immediately after completion of the Rights Issue assuming none of the Qualifying Shareholders have taken up any entitlements of the Rights Shares, all Unsubscribed Rights Shares have not been placed by the Placing Agent, and the Underwriter takes up all the Untaken Share:

	As at the date of this announcement		Immediately after completion of the Rights Issue assuming all Shareholders have taken up all the entitled Rights Shares		Immediately after completion of the Rights Issue assuming none of the Qualifying Shareholders have taken up any entitlements of the Rights Shares and all Unsubscribed Rights Shares have been placed by the Placing Agent		Immediately after completion of the Rights Issue assuming none of the Qualifying Shareholders have taken up any entitlements of the Rights Shares, all Unsubscribed Rights Shares have not been placed by the Placing Agent, and the Underwriter takes up all the Untaken Share	
	No. of Shares	Approximate percentage (%)	No. of Shares	Approximate percentage (%)	No. of Shares	Approximate percentage (%)	No. of Shares	Approximate percentage (%)
Directors								
Zhuang Yuejin	15,164,800	8.66	37,912,000	8.66	15,164,800	3.46	15,164,800	3.46
Xiao Suni	790,000	0.45	1,975,000	0.45	790,000	0.18	790,000	0.18
Zhu Chunyan	790,000	0.45	1,975,000	0.45	790,000	0.18	790,000	0.18
Sub-total	16,744,800	9.56	41,862,000	9.56	16,744,800	3.82	16,744,800	3.82
Public Shareholders								
Independent places	–	–	–	–	262,672,656	60.00	–	–
Underwriter, sub-underwriter(s) and/or subscriber(s) procured by it	–	–	–	–	–	–	262,672,656	60.00
Other public Shareholders	158,370,304	90.44	395,925,760	90.44	158,370,304	36.18	158,370,304	36.18
Total	175,115,104	100.00	437,787,760	100.00	437,787,760	100.00	437,787,760	100.00

As at the date of this announcement, the Company has no intention to issue or grant any Shares, convertible securities, warrants and/or options on or before the Record Date.

REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS

The Group is principally engaged in the manufacture and sale of non-woven fabric related products used in automotive interior decoration parts and other parts.

Reference is made to the announcement of the Company dated 26 June 2025 in relation to the Company entered into a tenancy agreement for leasing the premises in Chongqing, the PRC for setting up new production lines. A subsidiary, namely 怡星(重慶)汽車內飾有限公司, with registered share capital of RMB40.0 million was set up on 4 July 2025. The Company's principal products are different nonwoven fabrics, which are mainly made of artificial and synthetic fibers. Fabrics of different colours can be formed to suit different customers' requirements through the mixture of fibers of various colours. The fibers are then slackened and carded before being needle-punched together to form fabrics of a plain cloth-like texture, i.e. greige (坯布). For some products which require more than one layer of texture, the greige will be joined with the other layer by further needle-punching. For its production process, the Company would install five production lines, which mainly composed (i) napping machines (起絨機) used to nap on the surface of greige, (ii) needle punching machine (針刺機) used to perform needle punching process to form fabrics of a plain cloth-like texture, (iii) heat setting stenter finishing machines (乾燥定型機) used to fabrics drying and tentering to increase the hardness of the end-products and (iv) automatic casting machines (自動流涎機) used to coating the products with glue ("**Installation of Production Lines**"). It is expected the annual production amount would reach approximately 6 million m² of nonwoven fabric for production of nonwoven fabric related products and automotive components, such as trunk mat, parcel tray carpet, front wall and fire isolation materials, which are of different characteristics and are to be applied for different usages in passenger vehicles. The Investment cost in the Installation of Production Lines is approximately RMB28.0 million (equivalent to approximately HK\$30.5 million).

The Group's manufacturing factories are located in the PRC (Cangzhou, Changchun and Chengdu). After considering, including but not limited to, the cash and cash equivalent of the Group as at 30 June 2025 amounted to RMB24.52 million has been reserved for funding the current business operations of the Group and the requirement of purchase of property, plant and machinery for the new production lines of the new factory in Chongqing, the PRC, the Board is in a view that the Company has an imminent funding need to conduct the Rights Issue.

Assuming no change in the number of Shares in issue on or before the Record Date, it is expected that the gross proceeds and net proceeds from the Rights Issue will be approximately HK\$34.1 million and HK\$32.0 million, respectively. The Company intends to apply the net proceeds from the Rights Issue as follows:

- (i) approximately 95.31% of the net proceeds or approximately HK\$30.5 million (equivalent to approximately RMB28.0 million) for purchase of property, plant and machinery for the production lines in the PRC; and
- (ii) the remaining of approximately 4.69% of the net proceeds or approximately HK\$1.5 million for general working capital of the Group.

Apart from the Rights Issue, the Company had considered other fund-raising alternatives available to the Company such as debt financing and other equity financing such as placing or subscription of new Shares.

The Board considers that to finance the funding needs of the Company in the form of equity is a better alternative than debt. As debt fundraising such as bank borrowings always carry high interest costs and create pressure to the liquidity of the Company. As at 30 June 2025, the Company already has bank loans of approximately RMB30.32 million, and the Group's investment property and leasehold land in the PRC were already pledged to banks for such borrowings. Furthermore, the Company does not have other material tangible assets which may be satisfactory to the banks to be served as collaterals. In respect of equity financing, the Directors are of the view that placing or subscription of new Shares would dilute the shareholding of the existing Shareholders without giving the opportunity to the existing Shareholders to participate. On the contrary, the Rights Issue is pre-emptive in nature, as it allows Qualifying Shareholders to participate in the future development of the Company and at the same time offer more flexibility to the Qualifying Shareholders to choose whether to maintain their proportional shareholdings in the Company through participation in the Rights Issue. In addition, based on the closing price of HK\$0.184 per Share as quoted on the Stock Exchange on the Last Trading Day, it is expected the proceeds from any proposed placing of shares under general mandate will not be sufficient for financing the Installation of Production Lines.

Having considered the above alternatives, the Directors consider that fund raising through the Rights Issue is in the best interests of the Company and the Shareholders as a whole. The Rights Issue will enable the Company to strengthen its capital base and to enhance its financial position without increasing its debt or finance costs which also allowed the Qualifying Shareholders to maintain their proportional shareholdings in the Company. However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Non-Qualifying Shareholders (if any) should note that their shareholdings in the Company will be diluted.

Timing

Assuming the completion of the Rights Issue, which are expected to take place by the end of November 2025, the net proceeds will amount to approximately HK\$32.0 million. The Group would purchase property, plant and machinery for the installation of production lines from the fourth quarter of 2025. After the completion of plant and machinery installation, it is expected the new production lines will be used in the second quarter of 2026. The indicative timeline for the cash deployment is set out below:

	Year			Total	
	2025	2026	2026		
	2nd half	1st half	2nd half		
	HK\$' million	HK\$' million	HK\$' million	HK\$' million	Approximate percentage (%)
(i) Purchase of property, plant and machinery for the production lines	4.4	21.8	4.3	30.5	95.31
(ii) General working capital	1.0	0.5	–	1.5	4.69
	<u>5.4</u>	<u>22.3</u>	<u>4.3</u>	<u>32.0</u>	<u>100.00</u>

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company had not conducted any equity fund raising activities in the past twelve months immediately preceding the date of this announcement. As at the date of this announcement, the Company has no intention or plan to conduct any other equity fund raising activities in the next 12 months upon completion of the Rights Issue. However, if there shall arise any change of the Group's current circumstances and existing business plans and if the net proceeds from the Rights Issue may not satisfy such upcoming financing needs, the Board does not rule out the possibility that the Company may conduct further equity fund raising activities to support such future developments of the Group. The Company will make further announcement(s) in this regard in accordance with the Listing Rules as and when appropriate.

LISTING RULES IMPLICATIONS

In accordance with Rule 7.19A(1) and Rule 7.27A(1) of the Listing Rules, as the Rights Issue will increase the total number of issued Shares of the Company by more than 50% within 12 months period immediately preceding the date of this announcement, the Rights Issue is conditional upon the Independent Shareholders' approval at the EGM, and any controlling shareholders of the Company and their associates, or where there are no controlling shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution(s) in relation to the Rights Issue at the EGM. As at the date of this announcement, the Company has no controlling shareholder as defined under the Listing Rules, and the executive Directors, Mr. Zhuang Yuejin, Ms. Xiao Suni, and the independent non-executive Director, Ms. Zhu Chunyan, respectively hold 15,164,800 Shares (approximately 8.66% of the Shares), 790,000 Shares (approximately 0.45% of the Shares) and 790,000 Shares (approximately 0.45% of the Shares). Accordingly, the executive Directors, Mr. Zhuang Yuejin and Ms. Xiao Suni are required to abstain from voting in favour of the resolution(s) in relation to the Rights Issue at the EGM.

The Rights Issue will not result in a theoretical dilution effect of 25% or more. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER

The Company has established the Independent Board Committee, comprising all the independent non-executive Directors, namely, Mr. Yuen Wai Keung, Ms. Ng Li La, Adeline and Ms. Zhu Chunyan, to advise the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM. Vinco Financial Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable.

GENERAL

The EGM will be convened for the Shareholders to consider and, if fought fit, approve the Rights Issue. The Circular containing, among other things, (i) further information regarding the Rights Issue, the Placing Agreement and the Underwriting Agreement; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue; (iv) other information required under the Listing Rules; and (v) the notice of the EGM is expected to be despatched to the Shareholders on or before Wednesday, 17 September 2025.

Subject to the fulfilment of the conditions of the Rights Issue, the Company will despatch the Prospectus Documents containing, among other matters, details of the Rights Issue, to the Qualifying Shareholders on or before Monday, 20 October 2025. The Company will dispatch the Prospectus (without the PAL(s)) to the Non-Qualifying Shareholders (if any) for their information purpose only to the extent permitted under the relevant laws and regulations and reasonably practicable.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE NIL-PAID RIGHTS SHARES

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the section headed “Termination of the Underwriting Agreement” in this announcement), the Rights Issue may or may not proceed.

The Shares are expected to be dealt in on an ex-rights basis from Thursday, 9 October 2025. Dealings in the Rights Shares in nil-paid form are expected to take place from 9:00 a.m. on Wednesday, 22 October 2025 to 4:00 p.m. on Thursday, 30 October 2025 (both days inclusive). Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares. Any Shareholder or other person dealing in the Shares and/or the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled or waived (as applicable) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the existing Shares and/or the nil-paid Rights Shares. Any party (including Shareholders and potential investors of the Company) who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).

DEFINITIONS

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

“acting in concert”	has the same meaning ascribed thereto under the Takeovers Code
“associate(s)”	has the same meaning ascribed thereto under the Takeovers Code
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday, Sunday or public holiday or a day on which a typhoon signal no. 8 or above or black rainstorm signal is hoisted or the Extreme Conditions is announced in Hong Kong between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”	China Automotive Interior Decoration Holdings Limited, a company incorporated in the Cayman Islands and continued in Cayman Islands with limited liability, and the shares of which are listed on the Stock Exchange (Stock Code: 48)
“Compensatory Arrangements”	the arrangement involving the placing of Unsubscribed Rights Shares, if any, by the Placing Agent on a best effort basis pursuant to the Placing Agreement in accordance with Rule 7.21(1)(b) of the Listing Rules
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held at which resolution will be proposed to consider, and, if thought fit, to approve, among other things, the Rights Issue and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries

“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board, comprising all the independent non-executive Directors, which has been established to make recommendations to the Independent Shareholders in respect of the terms of the Rights Issue
“Independent Financial Adviser”	Vinco Financial Limited, a corporation licensed to carry out Type 1 (dealing securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue and the transactions contemplated thereunder
“Independent Shareholder(s)”	any Shareholder(s) who are not required to abstain from voting at the EGM under the Listing Rules
“Independent Third Party(ies)”	person(s) who or company(ies) together with its/their ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is/are third party(ies) independent of the Company and its connected person(s) in accordance with the Listing Rules
“Last Trading Day”	Wednesday, 10 September 2025, being the last trading day of the Shares on the Stock Exchange immediately before the publication of this announcement
“Latest Time for Acceptance”	4:00 p.m. on Tuesday, 4 November 2025, or such other time as the Company may determine, being the latest time and date for payment for and acceptance of the Rights Shares as described in the Prospectus Documents
“Latest Time for Termination”	4:00 p.m. on Thursday, 13 November 2025, or such later time or date as may be agreed by the Company and the Underwriter in writing
“Listing Committee”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, as amended, supplemented or as otherwise modified from time to time

“Net Gain”	the aggregate of any premium (being the aggregate amount paid by the Placees after deducting the aggregate amount of the Subscription Price and the expenses of the Placing Agent (including any other related expenses/fees) for the Unsubscribed Rights Shares placed by the Placing Agent under the Placing Agreement) pursuant to the Compensatory Arrangements
“No Action Shareholders”	those Qualifying Shareholders who do not subscribe for the Right Shares (whether partially or fully) under the PALs or their renounces, or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed, or Non-Qualifying Shareholders (as the case may be)
“Non-Qualifying Shareholder(s)”	the Overseas Shareholder(s) (if any) in respect of whom the Board, after making relevant enquiries with the legal advisers in the relevant jurisdictions, considers it necessary or expedient not to offer the Rights Shares to such Overseas Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“NQS Rights Shares”	the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form
“Overseas Shareholder(s)”	the Shareholder(s) (if any) whose registered address(es) as shown in the register of members of the Company as at the close of business on the Record Date is/are outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Placee(s)”	individuals, corporate, institutional investors(s) or other investor(s), who and whose ultimate beneficial owner(s) shall be Independent Third Party(ies) and are not acting in concert with any of the connected persons of the Company and associates, procured by the Placing Agent and/or its sub-placing agent(s) to subscribe for any of the Unsubscribed Rights Shares pursuant to the Placing Agreement
“Placing”	the placing of a maximum of 262,672,656 Unsubscribed Rights Shares on a best effort basis by the Placing Agent and/or its sub-placing agent(s) to the Placees pursuant to the Placing Agreement

“Placing Agent”	Astrum Capital Management Limited, a licensed corporation to engage in type 1 (dealing in securities), type 2 (dealing in futures contracts), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO, whose ordinary course of business includes underwriting of securities
“Placing Agreement”	the placing agreement dated 10 September 2025 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Period”	the period commencing from Friday, 7 November 2025 and ending at 4:00 p.m. on Tuesday, 11 November 2025
“Posting Date”	Monday, 20 October 2025, or such other date as the Company may determine, being the date of despatch of the Prospectus Documents
“PRC”	the People’s Republic of China, for the purpose of this announcement, not including Hong Kong, the Macau Special Administrative Region of the PRC, and Taiwan
“Prospectus”	the prospectus to be despatched to the Shareholders containing details of the Rights Issue
“Prospectus Documents”	the Prospectus and the PAL
“Qualifying Shareholder(s)”	Shareholder(s), whose name(s) appear(s) on the register of members of the Company as at the close of business on the Record Date, other than the Non-Qualifying Shareholder(s)
“Record Date”	Friday, 17 October 2025, or such other date as the Company may determine, being the date by reference to which entitlements of the Shareholders to participate in the Rights Issue will be determined
“Registrar”	the branch share registrar and transfer office of the Company in Hong Kong, being Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
“Rights Issue”	the proposed issue of Rights Shares by way of rights issue on the basis of three (3) Rights Shares for every two (2) existing Shares held by the Shareholders on the Record Date at the Subscription Price

“Rights Share(s)”	up to 262,672,656 Right Shares proposed to be allotted and issued by the Company to the Qualifying Shareholders for subscription pursuant to the Rights Issue (assuming there is no change in the total number of issued Shares on or before the Record Date)
“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	the ordinary share(s) of par value of HK\$0.025 each in the capital of the Company
“Shareholder(s)”	the holder(s) of Shares
“Specified Event”	an event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the representations, warranties and undertakings contained in the Underwriting Agreement untrue or incorrect in any material respect
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.13 per Right Share
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs, as amended, supplemented or otherwise modified from time to time
“Underwriter”	Astrum Capital Management Limited, a licensed corporation to engage in type 1 (dealing in securities), type 2 (dealing in futures contracts), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO, whose ordinary course of business includes underwriting of securities
“Underwriting Agreement”	the underwriting agreement dated 10 September 2025 entered into between the Company and the Underwriter in respect of the Rights Issue
“Underwritten Shares”	all the Rights Shares to be underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement

“Unsubscribed Rights Share(s)”	those Rights Shares that are not subscribed by the Qualifying Shareholders and the NQS Rights Shares that are not successfully sold by the Company as described in the paragraph headed “Arrangements for the NQS Rights Shares” in this announcement
“Untaken Share(s)”	the Unsubscribed Rights Shares up to 262,672,656 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date) which are not placed by the Placing Agent under the Compensatory Arrangements
“%”	per cent.

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

Hong Kong, 10 September 2025

As at the date hereof, the executive Directors are Mr. Zhuang Yuejin, Mr. Ng Chung Ho and Ms. Xiao Suni, and the independent non-executive Directors are Mr. Yuen Wai Keung, Ms. Ng Li La, Adeline and Ms. Zhu Chunyan.