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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: 48)

MAJOR TRANSACTION INVESTMENT IN THE FUND AND ENGAGEMENT OF INVESTMENT MANAGER

Financial Adviser to the Company



INVESTMENT IN THE FUND

The Board is pleased to announce that on 3 December, 2015, the Company entered into the Engagement Agreement with Opus Capital Management, pursuant to which the Company agreed to: (i) make an investment of HK\$300,000,000 in the Fund; (ii) appoint Opus Capital Management as the Investment Manager of the Fund; and (iii) appoint Opus Capital Management to set up the Fund.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Company's investment in the Fund are above 25% but all less than 75%, the transactions constitute major transactions for the Company and is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The EGM will be held to consider and, if thought fit, pass the ordinary resolution to approve, among other things, the Engagement Agreement and the Proposed Committed Investment. A circular containing, among other things, further details of the Engagement Agreement and the Proposed Committed Investment and a notice of the EGM, will be despatched to the Shareholders on or before 24 December, 2015.

INVESTMENT IN THE FUND

The Board is pleased to announce that on 3 December, 2015, the Company entered into the Engagement Agreement with Opus Capital Management, pursuant to which the Company agreed to: (i) make an investment of HK\$300,000,000 in the Fund; (ii) appoint Opus Capital Management as the Investment Manager of the Fund; and (iii) appoint Opus Capital Management to set up the Fund.

MAJOR TERMS OF THE ENGAGEMENT AGREEMENT

The Fund:	A discretionary fund which is proposed to be formed as an exempted limited company or exempted limited partnership under the laws of Cayman Islands
Investment objective and strategy:	The investment objective of the Fund is to achieve capital appreciation through investing in equity, debt and/or hybrid securities listed in the Stock Exchange
Proposed Committed Investment:	HK\$300,000,000, by a combination of cash subscription or subscription in specie with part or all of the Group's portfolio of held-for-trading investments
Investment Manager:	<p>Opus Capital Management Limited will be appointed as the Investment Manager of the Fund. The Investment Manager was incorporated in Hong Kong and licensed by the SFO to conduct Type 9 (asset management) regulated activity under the SFO.</p> <p>The Investment Manager will be responsible for, among other things, managing the Fund's investments and related affairs in accordance with the Engagement Agreement. The Investment Manager will be entitled to receive a management fee of HK\$1,000,000 per annum.</p>
Term:	3 years
Payment:	The Company shall invest 50% of the Proposed Committed Investment upon signing of the Subscription Agreement, and remaining 50% of the Proposed Committed Investment within 6 months from the signing of the Subscription Agreement.
Conditions:	The Engagement Agreement is conditional upon the passing by the Shareholders at the EGM of an ordinary resolution to approve the Engagement Agreement.

Pursuant to the Engagement Agreement, Opus Capital Management or its associates will be responsible for the establishment of the Fund upon the passing by the Shareholders at the EGM of an ordinary resolution to approve the Engagement Agreement and the Proposed Committed Investment. The Company agreed to pay a set-up fee of HK\$800,000 to Opus Capital Management.

REASONS FOR THE INVESTMENT

The Company is an investment holding company. The Group is principally engaged in the manufacturing and sale of non-woven fabric products used in automotive interior decoration parts and other parts and trading of rubber.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Investment Manager and its respective ultimate beneficial owner are third parties independent of the Company and its connected persons.

The Board considers that the Proposed Committed Investment is in line with the Group's objective to grow its investment return by adopting a proactive but prudent approach in its investments. Considering that the Fund will be well-managed by investment professionals, the Board expects that the Proposed Committed Investment will diversify the Group's securities investment risk and further enhance the rate of return of the Group's securities investment.

The Directors are of the view that the Proposed Committed Investment and the Engagement Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Company's investment in the Fund are above 25% but all less than 75%, the transactions constitute major transactions for the Company and is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The EGM will be held to consider and, if thought fit, pass the ordinary resolution to approve, among other things, the Engagement Agreement and the Proposed Committed Investment. As no Shareholder has a material interest in the Engagement Agreement and the Proposed Committed Investment, no Shareholder is required to abstain at the EGM in respect of the Engagement Agreement and Proposed Committed Investment and the transactions contemplated thereunder.

A circular containing, among other things, further details of the Engagement Agreement and the Proposed Committed Investment and a notice of the EGM, will be despatched to the Shareholders on or before 24 December, 2015.

The Fund will be formed, and the documents necessary for the purposes of or in connection with the implementation of the Proposed Committed Investment and the transactions contemplated thereunder, including but not limited to, the Subscription Agreement, the limited partnership agreement or the shareholders agreement and the administration and custodian agreement will be executed, shortly after the Company obtains the Shareholders' approval at the EGM.

DEFINITIONS

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

“Board”	The board of Directors
“Business Day(s)”	a day (other than a Saturday, Sunday or public holiday or a day on which typhoon 8 or above or black rainstorm is hoisted in Hong Kong at 9:00 a.m.) on which banks are generally open for business in Hong Kong
“Company”	China Automotive Interior Decoration Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving, among other things, the Engagement Agreement and the Proposed Committed Investment and the transactions contemplated thereunder
“Engagement Agreement”	the engagement agreement entered into between the Company and Opus Capital Management Limited on 3 December 2015, pursuant to which the Company agreed to: (i) make an investment of HK\$300,000,000 in the Fund; (ii) appoint Opus Capital Management as the Investment Manager of the Fund; and (iii) appoint Opus Capital Management to set up the Fund
“Fund”	A discretionary fund which is proposed to be formed as an exempted limited company or exempted limited partnership under the laws of Cayman Islands
“Group”	the Company and its subsidiaries

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Investment Manager” or “Opus Capital Management”	Opus Capital Management Limited, a corporation licensed under the SFO to conduct Type 9 (asset management) regulated activity under the SFO, being the investment manager of the Fund
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Proposed Committed Investment”	the Company’s proposed committed investment of HK\$300,000,000 in the Fund
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the interests in the Fund pursuant to the terms and conditions of the Subscription Agreement
“Subscription Agreement”	The subscription agreement to be entered into between the Company and the Fund in relation to the Subscription

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

Hong Kong, 3 December 2015

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