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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Automotive Interior Decoration Holdings Limited, you should at once hand this circular and the accompanied proxy form to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.



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: 8321)

**PROPOSED REMOVAL OF A DIRECTOR
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

A notice convening the extraordinary general meeting of the Company to be held at Ramada Hong Kong Hotel (Jasmine Room on 3/F), 308 Des Voeux Road West, Hong Kong on 10 October 2011, Monday, at 10:30 a.m., is set out on pages 6 to 7 of this circular. Whether or not you propose to attend the meeting, you are advised to complete the form of proxy attached to the notice of the extraordinary general meeting in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not later than 48 hours before the time appointed for holding of the extraordinary general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting should you so wish.

CHARACTERISTICS OF THE GEM OF THE STOCK EXCHANGE

The GEM has been positioned as a market designed to accommodate companies to which a high investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of the GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on the GEM, there is a risk that securities traded on the GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on the GEM.

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DEFINITIONS

In this circular, unless the context requires otherwise, the expressions as stated below will have the following meanings:

“Articles”	the articles of association of the Company
“Board”	the board of Directors
“Company”	China Automotive Interior Decoration Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on GEM
“Directors”	the directors of the Company and each a “Director”
“EGM”	the extraordinary general meeting of the Company to be held at Ramada Hong Kong Hotel (Jasmine Room on 3/F), 308 Des Voeux Road West, Hong Kong on 10 October 2011, Monday, at 10:30 a.m.
“GEM”	The Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	Rules Governing the Listing of Securities on The Growth Enterprise Market of the Stock Exchange
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administration Region of the People’s Republic of China
“Latest Practicable Date”	20 September 2011, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Ms. Wong”	Ms. Wong Hsiao Hung, executive Director of the Company
“Mr. Zhuang”	Mr. Zhuang Yuejin, Chairman and executive Director and substantial Shareholder of the Company
“Requisition”	the written requisition dated 10 September 2011 from Mr. Zhuang requiring the Board to convene an extraordinary general meeting to consider and, if thought fit, to remove Ms. Wong as executive Director

DEFINITIONS

“Share(s)”	share(s) of nominal value of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	registered holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

LETTER FROM THE BOARD



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: 8321)

Executive Directors:

Mr. Zhuang Yuejin (*Chairman*)
Mr. Pak Ping
Ms. Ruan Bixia
Mr. Chen Xianping
Mr. Wong Ho Yin
Ms. Wong Hsiao Hung

Independent Non-Executive Directors:

Mr. Mak Wai Ho
Dr. Tang Yanfei
Mr. Feng Xueben

Registered Office:

Cricket Square
Hutchins Drive
P. O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

*Head office and Principal Place
of Business in Hong Kong:*

Unit J, 6/F, Fu Cheung Centre,
5-7 Wong Chuk Yeung Street,
Fotan, Shatin
New Territories
Hong Kong

22 September 2011

To Shareholders of the Company

Dear Sir or Madam,

**PROPOSED REMOVAL OF A DIRECTOR
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information regarding the resolution to be proposed at the EGM relating to the proposed removal of a Director and to give you notice of the EGM.

REQUISITION FROM SHAREHOLDER

On 10 September 2011, the Board received the Requisition from Mr. Zhuang Yuejin, a Shareholder holding 79,860,000 Shares representing approximately 39.93% of the total issued share capital of the Company as at the Latest Practicable Date. Mr. Zhuang is also the Chairman and executive Director of the Company.

LETTER FROM THE BOARD

Pursuant to the Requisition, Mr. Zhuang required the Board to convene an extraordinary general meeting of the Company for the purpose of considering, and if thought fit, passing an ordinary resolution for removing Ms. Wong Hsiao Hung as an executive Director of the Company with immediate effect, pursuant to Article 58 of the Articles of Association of the Company. There was no reason stated in the Requisition.

Pursuant to Article 58, any one or more Shareholder holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition and such meeting shall be held within 2 months from the date of deposit of the requisition.

Mr. Zhuang has informed the Board during the Board meeting on 16 September 2011 that the reasons for the Requisition being that there are significant differences between Ms. Wong and Mr. Zhuang over the management of the Company's affairs. Ms. Wong failed to attempt to resolve the differences by constructive negotiations. In addition, due to the temporary internal working capital allocation issue of the Company, all Directors' fees for July 2011 were overdue. Instead of understanding the situation, Ms. Wong through her lawyer issued a statutory demand to the Company demanding payment of her fee within 3 weeks, otherwise she would petition for winding up of the Company. Mr. Zhuang believed that Ms. Wong was not acting in the best interest of the Company and was not fit to act as a director of the Company.

Pursuant to Article 83(5), the Shareholders may, at any general meeting convened and held in accordance with the Articles, by ordinary resolution remove a Director at any time before the expiration of his period of office, notwithstanding anything to the contrary in the Articles or in any agreement between the Company and such Director (but without prejudice to any claim for damages under any such agreement).

The Board, having considered the Requisition, has resolved to convene the EGM. The Company's Cayman legal advisors have confirmed that the convening of the EGM is in compliance with the Articles and Cayman laws. The Board also confirms that the proposed removal of a Director will not adversely affect the functions of the Board or the Company's normal business operations.

EGM

A notice convening the EGM is set out on pages 6 to 7 of this circular. The resolution to be proposed at the EGM will be voted on by poll.

LETTER FROM THE BOARD

A form of proxy for the EGM is enclosed with this circular. Whether or not you intend to be present at the EGM, you are advised to complete the form of proxy and return it to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time fixed for the EGM. The completion and delivery of a form of proxy will not preclude you from attending and voting at the meeting in person.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

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

The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

NOTICE OF EXTRAORDINARY GENERAL MEETING



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: 8321)

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of China Automotive Interior Decoration Holdings Limited (the “Company”) will be held at Ramada Hong Kong Hotel (Jasmine Room on 3/F), 308 Des Voeux Road West, Hong Kong on 10 October 2011, Monday, at 10:30 a.m. to consider and, if thought fit, to pass with or without amendments, the following resolution:

ORDINARY RESOLUTION

“**THAT** Ms. Wong Hsiao Hung be removed as executive director of the Company with immediate effect.”

By Order of the Board

China Automotive Interior Decoration Holdings Limited

Zhuang Yuejin

Chairman

Hong Kong, 22 September 2011

Head Office and Principal Place of Business in Hong Kong:

Unit J, 6/F, Fu Cheung Centre, 5-7 Wong Chuk Yeung Street,

Fotan, Shatin

New Territories

Hong Kong

Notes:

- (1) Any shareholder of the Company entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and vote on behalf of him. A proxy need not be a shareholder of the Company.
- (2) A form of proxy for the EGM is enclosed. In order to be valid, a form of proxy, together with the power of attorney or other authority (if any) under which the form is signed, or a certified copy of such power of attorney or authority, must be deposited at the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at 26/F., Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time fixed for holding the EGM or any adjournment thereof.

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (3) Where there are joint registered holders of any share, any one of such persons may vote at the EGM, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at the EGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
- (4) Completion and delivery of the form of proxy will not preclude shareholders of the Company from attending and voting in person at the EGM or any adjourned meeting or upon the poll concerned and, in such event, the instrument appointing a proxy will be deemed to be revoked.

As at the date hereof, the executive directors are Mr. Zhuang Yuejin, Ms. Wong Hsiao Hung, Mr. Pak Ping, Ms. Ruan Bixia, Mr. Chen Xianping and Mr. Wong Ho Yin, and the independent non-executive directors are Mr. Mak Wai Ho, Dr. Tang Yanfei and Mr. Feng Xueben.