

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.



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 SHARE CONSOLIDATION

SHARE CONSOLIDATION

The Board proposes that every five (5) issued and unissued Existing Shares of par value HK\$0.005 each in the share capital of the Company be consolidated into one (1) Consolidated Share of par value HK\$0.025 each in the share capital of the Company.

GENERAL

An EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the necessary resolution(s) in respect of the Share Consolidation. The Circular containing, among other matters, further information regarding the Share Consolidation, together with a notice of the EGM will be despatched to the Shareholders on or before Wednesday, 9 September 2020.

As the Share Consolidation are subject to the satisfaction of conditions, they may or may not become effective. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

PROPOSED SHARE CONSOLIDATION

The Board proposes that every five (5) issued and unissued Existing Shares of par value of HK\$0.005 each in the share capital of the Company be consolidated into one (1) Consolidated Share of par value of HK\$0.025 each in the share capital of the Company.

Effect of the Share Consolidation

As at the date of this announcement, the authorised share capital of the Company is HK\$1,000,000,000 divided into 200,000,000,000 Existing Shares of par value of HK\$0.005 each, of which 398,131,200 Existing Shares have been issued and are fully paid or credited as fully paid.

Immediately upon the Share Consolidation becoming effective and assuming no further Existing Shares will be issued or repurchased from the date of this announcement up to and including the effective date of the Share Consolidation, the authorised share capital of the Company shall be HK\$1,000,000,000 divided into 40,000,000,000 Consolidated Shares of par value of HK\$0.025 each, of which 79,626,240 Consolidated Shares have been issued and are fully paid or credited as fully paid.

Upon the Share Consolidation becoming effective, all the Consolidated Shares will rank pari passu in all respects with each other in accordance with the Memorandum and the Articles.

The implementation of the Share Consolidation will not alter the underlying assets, business operation, management or financial position of the Company and the interests and rights of the Shareholders.

As at the date of this announcement, the Company has no intention to carry out other corporate action or arrangement that may affect the trading in the shares of the Company, including share consolidation, share subdivision and change in board lot size, in the next 12 months which would have a contradictory effect to the Share Consolidation.

As at the date of this announcement, the Group had outstanding bank borrowings amounting to approximately RMB40 million which was subject to regular review. The Company have continued to negotiate with its banker on renewal of such banking facilities from time to time. Since the COVID-19 pandemic and deterioration of the business environment in the PRC, certain bankers had tightened its credit policy. In order to alleviate its liquidity pressure, the Company is currently in preliminary internal discussion on the feasibility of fund raising and intends to conduct equity fund raising exercises, when suitable fund raising opportunities arise, ranging from HK\$30 million to HK\$45 million for the purpose of, among other things, reducing its bank borrowings and/or support such future developments of the Group in the next 12 months. The actual method of equity fund raising, its timing, the scale of the issue and its issue price are, among other things, yet to be determined, and are subject to market conditions. There is no agreement, arrangement, understanding and negotiation (concluded or otherwise) entered into by the Company for any potential fund raising activities. The Company will make further announcement in this regard in accordance with the Listing Rules as and when appropriate.

Save as disclosed above, the Company does not have any current intention or plan to undertake any other equity issues in the next 12 months. The Company has taken into account the effect of the potential equity raising when determining the basis of the proposed Share Consolidation and did not expect there would be a contradictory effect to the Share Consolidation.

Conditions of the Share Consolidation

The Share Consolidation is conditional upon the following conditions:

1. the passing of an ordinary resolution by the Shareholders to approve the Share Consolidation at the EGM;
2. the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective; and
3. the compliance with the relevant procedures and requirements under the Listing Rules to effect the Share Consolidation.

Subject to the fulfilment of the conditions of the Share Consolidation, the effective date of the Share Consolidation is expected to be on Wednesday, 30 September 2020, being one clear Business Day immediately after the date of the EGM.

As at the date of this announcement, none of the above conditions have been fulfilled.

Reasons for the Share Consolidation

Pursuant to Rule 13.64 of Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the Stock Exchange reserves the right to require the issuer either to change the trading method or proceed with a consolidation or splitting of securities.

The “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 30 August 2019 has stated that market price of the Shares at a level less than HK\$0.1 will be considered as trading at extremity as referred to under Rule 13.64 of the Listing Rules.

The Share Consolidation will increase the nominal value of the Shares and will reduce the total number of Shares currently in issue. As such, it is expected that the Share Consolidation will bring about a corresponding upward adjustment in the trading price of the Shares. Taking into account the closing price of HK\$0.079 per Share on 17 August 2020 (being the date of this announcement), the Share Consolidation would enable the Company to comply with the trading requirements under the Listing Rules.

By considering the closing price per share being under HK\$0.1 since 16 March 2020 and the board lot size of 10,000, the value per board lot were lower than HK\$1,000. Taking into account the basic transaction costs for a securities trade, the expected value per board lot should be greater than HK\$2,000. The Board considers that the Share Consolidation is beneficial to and in the interests of the Company and the Shareholders as a whole.

Application for the listing of the Consolidated Shares

An application will be made by the Company to the Stock Exchange for the listing of, and the permission to deal in, the Consolidated Shares.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, as well as compliance with the stock admission requirements of the HKSCC, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealing in the Consolidated Shares on the Stock Exchange or such other date 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. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares or debt securities of the Company are listed or dealt in on any other stock exchange other than the Stock Exchange, and at the time the Share Consolidation becomes effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

Exchange of share certificates for the Consolidated Shares

Subject to the Share Consolidation becoming effective, which is currently expected to be on Wednesday, 30 September 2020, being one clear Business Day immediately after the date of the EGM, Shareholders may between 9:00 a.m. and 4:30 p.m. on any Business Day during the period from Wednesday, 30 September 2020 to Tuesday, 10 November 2020 (both days inclusive), submit share certificates for the Existing Shares (in red colour) to the Registrar at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong to exchange for new share certificates for the Consolidated Shares (in green colour) at the expense of the Company.

Shareholders should note that after the prescribed time for free exchange of share certificates, a fee of HK\$2.50 each (or such higher amount as may from time to time be allowed by the Stock Exchange) will be payable by the Shareholders to the Registrar for each share certificate for the Existing Shares submitted for cancellation or each new share certificate issued for the Consolidated Shares, whichever the number of share certificates involved is higher.

After 4:10 p.m. on Friday, 6 November 2020, trading will only be in Consolidated Shares which share certificates will be issued in green colour. Existing share certificates in red colour for the Existing Shares will cease to be valid for trading and settlement purpose, but will remain valid and effective as documents of title.

Arrangement on odd lot trading

In order to alleviate the difficulties arising from the existence of odd lots of the Consolidated Shares arising from the Share Consolidation, the Company will appoint an agent to provide matching services, on a best efforts basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares.

Holders of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Shareholders who are in any doubt about the odd lots matching arrangement are recommended to consult their own professional advisers. Further details of the odd lot arrangement will be set out in the Circular to be despatched to the Shareholders.

ADJUSTMENTS TO CONVERTIBLE BONDS AND SHARE OPTIONS

As at the date of this announcement, there are:

1. outstanding Convertible Bonds with an aggregate principle amount of HK\$5,971,968 entitling the holders thereof to convert into an aggregate of 79,626,240 Existing Shares; and
2. outstanding 75,740,000 share options which are convertible into 75,740,000 Existing Shares, upon exercise of the respective conversion rights attaching thereto.

Save as aforesaid, the Company does not have any other derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into, any Existing Shares or Consolidated Shares, as at the date of this announcement.

Pursuant to the terms of the Convertible Bonds and the Share Option Scheme, the Share Consolidation will cause adjustments to the respective conversion prices of the outstanding Convertible Bonds and share options. The Company will appoint its auditor or independent financial advisors to review and certify the basis of such adjustments to the respective conversion prices of the outstanding Convertible Bonds and share options in accordance with the Listing Rules, the terms of the Convertible Bonds and the Share Option Scheme. The Company will make further announcements regarding the adjustments in accordance with the Listing Rules in due course.

EXPECTED TIMETABLE

The expected timetable for the Share Consolidation, is set out below. The expected timetable is subject to the results of the EGM and satisfaction of the conditions to the Share Consolidation, and is therefore for indicative purpose only. Any change to the expected timetable will be announced in a separate announcement by the Company as and when appropriate. All times and dates in this announcement refer to Hong Kong local times and dates.

Date

Despatch date of Circular with notice of the EGM	on or before Wednesday, 9 September 2020
Latest date and time for lodging transfer documents in order to qualify for attending and voting at EGM	4:30 p.m. on Tuesday, 22 September 2020
Closure of register of members for determining the entitlement to attend and vote at the EGM (both dates inclusive)	Wednesday, 23 September 2020 to Monday, 28 September 2020
Latest date and time for lodging the proxy form for the EGM.	11:45 a.m. on Saturday, 26 September 2020
Date and time of the EGM.	11:45 a.m. on Monday, 28 September 2020
Announcement of results of the EGM	Monday, 28 September 2020
<i>The following events are conditional upon the results of the EGM and therefore the dates are tentative only.</i>	
Effective date of the Share Consolidation	Wednesday, 30 September 2020
First day of free exchange of existing share certificates into new share certificates for Consolidated Shares.	Wednesday, 30 September 2020
Dealings in Consolidated Shares commence	9:00 a.m. on Wednesday, 30 September 2020
Original counter for trading in Shares in board lots of 10,000 Existing Shares (in the form of existing share certificates) temporarily closes	9:00 a.m. on Wednesday, 30 September 2020

Temporary counter for trading in Consolidated Shares
in temporary board lot of 2,000 Consolidated Shares
(in the form of existing share certificates) opens 9:00 a.m. on
Wednesday, 30 September 2020

Original counter for trading in Consolidated Shares
in board lot of 10,000 Consolidated Shares
(in the form of new share certificates for
Consolidated Shares) re-opens 9:00 a.m. on
Friday, 16 October 2020

Parallel trading in the Shares and Consolidated Shares
(in the form of existing share certificates and
new share certificates) commences 9:00 a.m. on
Friday, 16 October 2020

Designated broker starts to stand in the market to
provide matching services for sale and purchase of
odd lots of Consolidated Shares 9:00 a.m. on
Friday, 16 October 2020

Temporary counter for trading in Consolidated Shares
in temporary board lot of 2,000 Consolidated Shares
(in the form of existing share certificates) closes 4:10 p.m. on
Friday, 6 November 2020

Parallel trading in Consolidated Shares (in the form of
new share certificates for Consolidated Shares and
existing share certificates) ends 4:10 p.m. on
Friday, 6 November 2020

Designated broker ceases to stand in the market to
provide matching services for sale and
purchase of odd lots of Consolidated Shares 4:10 p.m. on
Friday, 6 November 2020

Last day and time for free exchange of existing share certificates
into new share certificates for Consolidated Shares 4:30 p.m. on
Tuesday, 10 November 2020

GENERAL

An EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the necessary resolution(s) in respect of the Share Consolidation further. The Circular containing, among other matters, information regarding the Share Consolidation with a notice of the EGM will be despatched to the Shareholders on or before Wednesday, 9 September 2020.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholders have a material interest in the Share Consolidation and no Shareholders are required to abstain from voting at the EGM.

As the Share Consolidation are subject to the satisfaction of conditions, they may or may not become effective. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Articles”	the articles of association of the Company, as amended from time to time
“Board”	the board of Directors
“Business Day(s)”	day(s) (excluding Saturdays, Sundays and public holidays) on which banks are open for business in Hong Kong
“CCASS”	Central Clearing and Settlement System, a securities settlement system used within the Hong Kong Exchanges and Clearing Limited market system
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time
“Circular”	the circular to be despatched to the Shareholders containing, among other things, details of the Share Consolidation and the notice of the EGM

“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 Stock Exchange
“Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961), of the Cayman Islands as consolidated and revised
“Consolidated Share(s)”	the ordinary share(s) of par value of HK\$0.025 each in the share capital of the Company upon the Share Consolidation becoming effective
“Convertible Bonds”	the convertible bonds with an aggregate principal amount of HK\$5,971,968 have been issued by the Company on 7 July 2020
“Directors”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, to approve the Share Consolidation
“Existing Share(s)”	the ordinary share(s) of par value of HK\$0.005 each in the share capital of the Company prior to the Share Consolidation becoming effective
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Memorandum”	the memorandum of association of the Company, as amended from time to time
“Registrar”	the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, the address of which is at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Share(s)”	the Existing Share(s) and/or the Consolidated Share(s), as the case may be
“Share Consolidation”	the proposed consolidation of every five (5) issued and unissued Existing Shares of par value of HK\$0.005 each in the share capital of the Company into one (1) Consolidated Share of par value of HK\$0.025 each
“Share Option Scheme”	the share option scheme of the Company adopted on 5 June 2015
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the People’s Republic of China

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

Hong Kong, 17 August 2020

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