CHINA TIANRUI AUTOMOTIVE INTERIORS CO., LTD
中國天瑞汽車內飾件有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6162)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

RESULTS HIGHLIGHTS

	Year ended 31 December		
	2019	2018	
	RMB'000	RMB'000	Change
Revenue	**297,907**	263,820	12.9%
Gross profit	**101,188**	89,905	12.5%
Gross profit margin	**34.0%**	34.1%	-0.1%pts
Profit attributable to equity shareholders	**44,822**	28,016	60.0%
Earnings per share			
Basic and diluted (RMB cents)	**2.25**	1.87	20.3%
Interim dividend per share (paid) (HK$ cents)	**0.6**	—	N/A
Final dividend per share (proposed) (HK$ cents)	**0.6**	0.6	—

The board (the "**Board**") of directors (the "**Directors**") of China Tianrui Automotive Interiors Co., LTD (the "**Company**") is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2019 together with the comparative figures in 2018 and the relevant explanatory notes.

Consolidated statement of profit or loss
for the year ended 31 December 2019
(Expressed in Renminbi ("RMB"))

	Note	**2019** **RMB'000**	2018 (Note) RMB'000
Revenue	3	**297,907**	263,820
Cost of sales		**(196,719)**	(173,915)
Gross profit	3(b)	**101,188**	89,905
Other income/(loss)	4	**6,056**	(596)
Selling expenses		**(9,266)**	(7,278)
Administrative expenses		**(40,337)**	(41,598)
Profit from operations		**57,641**	40,433
Finance costs	5(a)	**(5,724)**	(7,577)
Profit before taxation	5	**51,917**	32,856
Income tax	6(a)	**(7,095)**	(4,840)
Profit attributable to equity shareholders of the Company for the year		**44,822**	28,016
Earnings per share	7		
Basic and diluted (RMB cents)		**2.25**	1.87

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See Note 2(c).

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2019

(Expressed in RMB)

	2019	2018 (Note)
	RMB'000	RMB'000
Profit for the year	**44,822**	28,016
Other comprehensive income for the year (after tax):		
Items that may be reclassified subsequently to profit or loss:		
— Exchange differences on translation into presentation currency of the Group	**(127)**	664
Total comprehensive income attributable to equity shareholders of the Company for the year	**44,695**	28,680

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See Note 2(c).

Consolidated statement of financial position
at 31 December 2019
(Expressed in RMB)

	Note	**2019** **RMB'000**	2018 (Note) RMB'000
Non-current assets			
Property, plant and equipment		**128,983**	114,501
Lease prepayments		**—**	9,486
Prepayments for acquisitions of property, plant and equipment		**22,962**	9,322
Deferred tax assets		**1,880**	758
		153,825	134,067
Current assets			
Inventories		**60,814**	27,252
Trade and bills receivables	8	**235,944**	132,965
Prepayments and other receivables		**12,021**	11,324
Cash at bank and on hand		**59,948**	33,385
		368,727	204,926
Current liabilities			
Bank and other loans		**73,691**	37,449
Trade and bills payables	9	**168,406**	136,867
Accrued expenses and other payables		**36,409**	27,576
Amounts due to the controlling shareholders		**—**	1,405
Lease liabilities		**1,007**	—
Current taxation		**3,595**	2,318
		283,108	205,615
Net current assets/(liabilities)		**85,619**	(689)
Total assets less current liabilities		**239,444**	133,378

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See Note 2(c).

Consolidated statement of financial position
at 31 December 2019 (continued)
(Expressed in RMB)

		2019	2018
			(Note)
	Note	**RMB'000**	RMB'000
Non-current liabilities			
Bank and other loans		**4,395**	15,359
Lease liabilities		**1,983**	—
Deferred income		**2,347**	2,572
		8,725	17,931
NET ASSETS		**230,719**	115,447
CAPITAL AND RESERVES	10		
Share capital		**17,522**	13,216
Reserves		**213,197**	102,231
TOTAL EQUITY		**230,719**	115,447

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See Note 2(c).

Notes to the financial statements

(Expressed in RMB unless otherwise indicated)

1 Corporate information

China Tianrui Automotive Interiors Co., LTD (the "**Company**") was incorporated in the Cayman Islands on 27 April 2017 as an exempted company with limited liability under the Companies Law (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time. The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 15 January 2019. The Company and its subsidiaries (together, the "**Group**") are principally engaged in the manufacture and sale of automotive interior and exterior decorative components and parts.

2 Significant accounting policies

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("**IFRSs**"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Interpretations issued by the International Accounting Standards Board (the "**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). Significant accounting policies adopted by the Group are disclosed below.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2019 comprise the Group.

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(c) Changes in accounting policies

The IASB has issued a new IFRS, IFRS 16, *Leases*, and a number of amendments to IFRSs that are first effective for the current accounting period of the Group.

Except for IFRS 16, *Leases* as disclosed below, none of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

IFRS 16, *Leases*

IFRS 16 replaces IAS 17, *Leases*, and the related interpretations, IFRIC 4, *Determining whether an arrangement contains a lease*, SIC 15, *Operating leases — incentives,* and SIC 27, *Evaluating the substance of transactions involving the legal form of a lease.* It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and leases of low value assets. The lessor accounting requirements are brought forward from IAS 17 substantially unchanged.

IFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Group has initially applied IFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach, with the cumulative effect of initial application (if any) recognised as an adjustment to the opening balance of equity at 1 January 2019. Comparative information has not been restated and continues to be reported under IAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

a. *New definition of a lease*

The change in the definition of a lease mainly relates to the concept of control. IFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in IFRS 16 only to contracts that were entered into or changed on or after 1 January 2019. For contracts entered into before 1 January 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases. Accordingly, contracts that were previously assessed as leases under IAS 17 continue to be accounted for as leases under IFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

b. *Lessee accounting and transitional impact*

IFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by IAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under IAS 17, other than those short-term leases and leases of low-value assets. As far as the Group is concerned, these newly capitalised leases are primarily in relation to property, plant and equipment.

At the date of transition to IFRS 16 (i.e. 1 January 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 January 2019.

To ease the transition to IFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of IFRS 16:

(i) the Group elected not to apply the requirements of IFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of IFRS 16, i.e. where the lease term ends on or before 31 December 2019; and

(ii) when measuring the lease liabilities at the date of initial application of IFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment).

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position at 31 December 2018.

The Group presents right-of-use assets that do not meet the definition of investment property in “property, plant and equipment” and presents lease liabilities separately in the statement of financial position.

The following table summarises the impacts of the adoption of IFRS 16 on the Group’s consolidated statement of financial position:

	Carrying amount at 31 December 2018 RMB’000	Capitalisation and reclassification of operating lease contracts RMB’000	Carrying amount at 1 January 2019 RMB’000
Line items in the consolidated statement of financial position impacted by the adoption of IFRS 16:			
Property, plant and equipment	114,501	9,486	123,987
Lease prepayments	9,486	(9,486)	—

c. *Impact on the financial result and cash flows of the Group*

After the initial recognition of right-of-use assets and lease liabilities as at 1 January 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a positive impact on the reported profit from operations in the Group’s consolidated statement of profit or loss, as compared to the results if IAS 17 had been applied during the year.

In the cash flow statement, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element. These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under IAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under IAS 17. Although total cash flows are unaffected, the adoption of IFRS 16 therefore results in a change in presentation of cash flows within the cash flow statement.

The following tables may give an indication of the estimated impact of adoption of IFRS 16 on the Group's financial result for the year ended 31 December 2019, by adjusting the amounts reported under IFRS 16 in these consolidated financial statements to compute estimates of the hypothetical amounts that would have been recognised under IAS 17 if this superseded standard had continued to apply to 2019 instead of IFRS 16, and by comparing these hypothetical amounts for 2019 with the actual 2018 corresponding amounts which were prepared under IAS 17.

	2019				2018
	Amounts reported under IFRS 16 (A) RMB'000	**Add back: IFRS 16 depreciation and interest expense (B) RMB'000**	**Deduct: Estimated amounts related to operating leases as if under IAS 17 (C) RMB'000**	**Hypothetical amounts for 2019 as if under IAS 17 (D=A+B-C) RMB'000**	Compared to amounts reported for 2018 under IAS 17 RMB'000
Financial result for the year ended 31 December 2019 impacted by the adoption of IFRS 16:					
Profit from operations	**57,641**	**373**	**(439)**	**57,575**	40,433
Finance costs	**(5,724)**	**151**	**—**	**(5,573)**	(7,577)
Profit before taxation	**51,917**	**524**	**(439)**	**52,002**	32,856
Profit for the year	**44,822**	**524**	**(439)**	**44,907**	28,016

As there are no cash outflow in relation to above operating lease for the year ended 31 December 2019, the adoption of IFRS 16 does not have impact on the consolidated cash flow statement.

3 Revenue and segment reporting

(a) Revenue

The Group is principally engaged in the manufacture and sale of automotive interior and exterior decorative components and parts. Further details regarding the Group's principal activities are disclosed in Note 3(b).

Disaggregation of revenue from contracts with customers by major products is as follows:

	2019	2018
	RMB'000	RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products:		
— Sales of heavy trucks' decorative components and parts	**254,732**	238,896
— Sales of passenger vehicles' decorative components and parts	**43,175**	24,924
	297,907	263,820

Disaggregation of revenue from contracts with customers by the timing of revenue recognition and by geographic markets is disclosed in Notes 3(b)(i) and 3(b)(iii) respectively.

The Group's customers with which transactions have exceeded 10% of the Group's revenue are set out below:

	2019	2018
	RMB'000	RMB'000
Customer A	**112,140**	111,347
Customer B	**107,113**	98,556

(b) Segment reporting

The Group manages its businesses by products. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments. No operating segments have been aggregated to form the following reportable segments.

— Heavy trucks' decorative components and parts: this segment includes primarily the research, development, manufacture and sale of decorative components and parts to be installed in heavy trucks.

— Passenger vehicles' decorative components and parts: this segment includes primarily the research, development, manufacture and sale of decorative components and parts to be installed in passenger vehicles.

(i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to sales and revenue generated by those segments and direct expenses incurred by those segments. The measure and revenue used for reporting segment result is gross profit. No inter-segment sales have occurred for the years ended 31 December 2019 and 2018. Assistance provided by one segment to another, including sharing of assets and technical know-how, is not measured.

The Group's other operating expenses, including other loss/income, selling and administration expenses and finance costs, and assets and liabilities are not measured under individual segments. Accordingly, neither information on segment assets and liabilities nor information concerning capital expenditure, interest income and interest expenses is presented.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2019 and 2018 is set out below.

	2019		
	Heavy trucks' decorative components and parts RMB'000	**Passenger vehicles' decorative components and parts RMB'000**	**Total RMB'000**
Revenue recognised at a point in time from external customers	**254,732**	**43,175**	**297,907**
Reportable segment gross profit	**92,687**	**8,501**	**101,188**

	2018		
	Heavy trucks' decorative components and parts RMB'000	Passenger vehicles' decorative components and parts RMB'000	Total RMB'000
Revenue recognised at a point in time from external customers	238,896	24,924	263,820
Reportable segment gross profit	81,860	8,045	89,905

(ii) Reconciliation of reportable segment profit or loss

	2019	2018
		(Note)
	RMB'000	RMB'000
Total reportable segment gross profit	**101,188**	89,905
Other income/(loss)	**6,056**	(596)
Selling expenses	**(9,266)**	(7,278)
Administrative expenses	**(40,337)**	(41,598)
Finance costs	**(5,724)**	(7,577)
Consolidated profit before taxation	**51,917**	32,856

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See Note 2(c).

(iii) Geographic information

The Group's revenue is substantially generated from the sales of automotive interior and exterior decorative components and parts in the PRC. The Group's business is substantially conducted in the PRC. Accordingly, no segment analysis based on geographical locations of the customers and assets is provided.

4 Other income/(loss)

	2019	2018
	RMB'000	RMB'000
Government grants (including amortisation of deferred income)	**3,421**	1,225
Net gain on sales of scrap materials	**637**	665
Operating lease income	**11**	31
Interest income	**248**	239
Net gain on disposal of property, plant and equipment	**73**	—
Net foreign exchange gains/(losses)	**59**	(2,835)
Compensation received from a constructor	**1,200**	—
Others	**407**	79
	6,056	(596)

5 Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

(a) Finance costs

	2019	2018
		(Note)
	RMB'000	RMB'000
Interests on bank and other loans	**5,573**	7,577
Interest on lease liabilities	**151**	—
	5,724	7,577

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See Note 2(c).

No borrowing costs have been capitalised during the year ended 31 December 2019 (2018: RMBNil).

(b) Staff costs#

	2019	2018
	RMB'000	RMB'000
Salaries, wages and other benefits	**37,077**	26,271
Contributions to defined contribution retirement plan	**3,617**	3,505
	40,694	29,776

The employees of the subsidiaries of the Group established in the PRC (excluding Hong Kong) participate in the defined contribution retirement benefit plan managed by the local government authority, whereby the subsidiaries are required to contribute to the scheme at a rate of 16% of the employees' basic salaries. Employees of the subsidiaries are entitled to retirement benefits, calculated based on a percentage of the average salaries level in the PRC (excluding Hong Kong), from the above-mentioned retirement plan at their normal retirement age.

The Group also operates a Mandatory Provident Fund Scheme (the "**MPF Scheme**") under the Hong Kong Mandatory Provident Fund Scheme Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement plan administered by an independent trustee. Under the MPF Scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of Hong Kong Dollars ("**HK$**") 30,000. Contributions to the MPF Scheme vest immediately.

The Group has no further material obligation for payment of other retirement benefits beyond the above contributions.

(c) Other items

	2019	2018
		(Note)*
	RMB'000	RMB'000
Amortisation#	—	206
Depreciation charge#		
— owned property, plant and equipment*	**13,154**	12,598
— right-of-use assets*	**579**	—
	13,733	12,804
Impairment losses on trade receivables	**2,544**	(321)
Auditors' remuneration		
— in connection with the initial listing of the Company's shares	—	3,000
— audit service	**1,800**	1,300
Research and development costs	**15,287**	10,552
Cost of inventories#	**196,719**	173,915

* The Group has initially applied IFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 January 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under IAS 17. The depreciated carrying amount of the land-use-rights which were previously included in lease prepayments is also identified as a right-of-use asset. After initial recognition of right-of-use assets at 1 January 2019, the Group as a lessee is required to recognise the depreciation of right-of-use assets, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. Under this approach, the comparative information is not restated. See Note 2(c).

Cost of inventories includes RMB35,044,000 (2018: RMB25,805,000) relating to staff costs, and depreciation and amortisation expenses, which amount is also included in the respective total amounts disclosed separately above or in Note 5(b) for each of these types of expenses.

6 Income tax in the consolidated statement of profit or loss

(a) Taxation in the consolidated statement of profit or loss represents:

	2019	2018
	RMB'000	RMB'000
Current taxation:		
Provision for the year	**8,217**	6,804
Deferred taxation:		
— Origination and reversal of temporary differences	**(1,122)**	(1,964)
	7,095	4,840

(b) Reconciliation between actual tax expense and accounting profit at applicable tax rates:

	2019	2018
	RMB'000	RMB'000
Profit before taxation	**51,917**	32,856
Expected tax on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned (Notes (i),(ii) and (iii))	**13,732**	8,488
Tax effect of non-deductible expenses	**195**	837
Tax effect on preferential tax rate (Note (iv))	**(5,116)**	(3,303)
Tax effect on bonus deduction of research and development costs (Note (v))	**(1,687)**	(1,182)
Others	**(29)**	—
Actual tax expense	**7,095**	4,840

Notes:

(i) The Company and the subsidiary of the Group incorporated in the British Virgin Islands (the "**BVI**") are not subject to any income tax pursuant to the rules and regulations of their respective countries of incorporation.

(ii) The Company and the subsidiary of the Group incorporated in Hong Kong are subject to Hong Kong Profits Tax rate of 16.5% for the year ended 31 December 2019 (2018: 16.5%). These companies did not have assessable profits which are subject to Hong Kong Profits Tax for the year ended 31 December 2019 (2018: RMBNil).

(iii) The subsidiary of the Group established in the PRC (excluding Hong Kong) is subject to PRC Corporate Income Tax rate at 25% for the year ended 31 December 2019 (2018: 25%).

(iv) The PRC Corporate Income Tax Law allows enterprises to apply for certificate of "High and New Technology Enterprise" ("**HNTE**") which entitles the qualified companies to a preferential income tax rate of 15%, subject to fulfilment of the recognition criteria. Xian Tianrui Automotive Interiors Co., Ltd. ("**Xian Tianrui**"), a subsidiary of the Group is qualified as a HNTE and the qualification is valid for three years from 2019 to 2021.

(v) According to the relevant tax rules in the PRC, qualified research and development costs, are allowed for bonus deduction for income tax purpose. i.e. an additional 75% (2018: 75%) of such expenses could be deemed as deductible expenses.

7 Earnings per share

(a) Basic earnings per share

The basic earnings per share for the year ended 31 December 2019 is calculated based on the profit attributable to equity shareholders of the Company of RMB44,822,000 (2018: RMB28,016,000) and the weighted average of 1,995,890,411 (2018: 1,500,000,000) ordinary shares .

The calculation of the weighted average number of ordinary shares are as follows:

	2019	2018
Issued ordinary shares at 1 January	**1,500,000,000**	100
Issuance of shares by initial public offering (Note 10(a)(i))	**495,890,411**	—
Effect of capitalisation issue	—	1,499,999,900
Weighted average number of ordinary shares at 31 December	**1,995,890,411**	1,500,000,000

(b) Diluted earnings per share

There were no dilutive potential shares outstanding during the years ended 31 December 2019 and 2018.

8 Trade and bills receivables

	31 December 2019 RMB'000	31 December 2018 RMB'000
Trade receivables, net of loss allowance	**161,504**	78,094
Bills receivables	**74,440**	54,871
	235,944	132,965

All of the trade and bills receivables, net of loss allowance for doubtful debts (if any), are expected to be recovered within one year.

(a) Ageing analysis

At the end of reporting period, the ageing analysis of trade and bills receivables, based on the invoice date (or date of revenue recognition, if earlier) and net of loss allowance, is as follows:

	2019 RMB'000	2018 RMB'000
Less than 3 months	**121,147**	82,176
3 to 6 months	**33,520**	34,721
6 to 12 months	**79,667**	16,068
More than 1 year	**1,610**	—
	235,944	132,965

9 Trade and bills payables

	2019 RMB'000	2018 RMB'000
Trade payables	**109,003**	96,867
Bills payables	**59,403**	40,000
	168,406	136,867

All of the trade and bills payables are expected to be settled within one year or are repayable on demand.

At the end of reporting period, the ageing analysis of trade and bills payables, based on the invoice date, is as follows:

	2019 RMB'000	2018 RMB'000
Less than 3 months	**95,105**	54,432
3 to 6 months	**57,476**	70,476
6 to 12 months	**14,727**	10,001
Over 1 year	**1,098**	1,958
	168,406	136,867

10 Capital and dividends

(a) Share capital

	2019		2018	
	No. of shares '000	**HK$'000**	No. of shares '000	HK$'000
Authorised:				
Ordinary shares of HK$0.01 each	10,000,000	100,000	10,000,000	100,000

	2019		2018	
	No. of shares	**RMB'000**	No. of shares	RMB'000
Ordinary shares, issued and fully paid:				
At 1 January	**1,500,000,000**	**13,216**	100	—
Issuance of shares by initial public offering (Note (i))	**500,000,000**	**4,306**	—	—
Capitalisation issue	—	—	1,499,999,900	13,216
At 31 December	**2,000,000,000**	**17,522**	1,500,000,000	13,216

Note:

(i) Issuance of shares by initial public offering

On 15 January 2019, 500,000,000 ordinary shares of HK$0.01 each were issued at a price of HK$0.25 each upon the listing of the shares of the Company on the Main Board of the Stock Exchange. The proceeds of HK$5,000,000 (equivalent to approximately RMB4,306,000), representing the par value, were credited to the Company's share capital. The remaining proceeds, net of share issuance expenses of RMB7,874,000, of approximately HK$101,198,000 (equivalent to approximately RMB87,152,000) were credited to the share premium account.

(b) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the year

	2019	2018
	RMB'000	RMB'000
Interim dividend declared and paid after the interim period of HK$0.6 cents per ordinary share (2018: HK$Nil cents per ordinary share)	**10,661**	—
Final dividend proposed after the end of the reporting period of HK$0.6 cents per ordinary share (2018: HK$0.6 cents per ordinary share)	**10,825**	10,220
	21,486	10,220

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid/payable during the year

	2019	2018
	RMB'000	RMB'000
Final dividend in respect of the previous financial year, approved and paid/payable during the year	**10,220**	13,804

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

Automotive ownership in the PRC increased rapidly amid China's rapid economic growth, continuing urbanization and increasing levels of household consumption. The growth of the heavy trucks and passenger vehicles' interior decorative product markets in the PRC are mainly driven by the following growth drivers: (i) increase in popularity of passenger vehicles and wide application of heavy trucks; (ii) increase in demand from logistics industry and construction industry; (iii) higher requirements for comfort; and (iv) regulatory control and policy support. The Board expect that the automotive interior products market in the PRC will maintain growth as China's automotive ownership continues to grow.

BUSINESS REVIEW

We are the largest heavy trucks' interior decorative components and parts manufacturer in North West China with a market-leading position. Our products primarily comprise a wide array of automotive interior decorative components and parts and to a lesser extent exterior decorative components and parts, which are designed to be installed on heavy trucks or passenger vehicles. We offer design and development solutions tailored to meet our customers' specific requirements of automotive interior decorative products including functional specifications and appearance.

The Group is principally engaged in the manufacture and sale of automotive interior and exterior decorative components and parts. Set forth below is the breakdown of our revenue by product category for the years ended 31 December 2019 and 2018:

	Year ended 31 December			
	2019		2018	
	RMB'000	**%**	RMB'000	%
Heavy trucks' decorative components and parts	**254,732**	**85.5**	238,896	90.6
Passenger vehicles' decorative components and parts	**43,175**	**14.5**	24,924	9.4
Total	**297,907**	**100.0**	263,820	100.0

Revenue from sales of heavy trucks' decorative components and parts

Revenue generated from sales of heavy trucks' decorative components and parts increased from approximately RMB238.9 million for the year ended 31 December 2018 to approximately RMB254.7 million for the year ended 31 December 2019, representing an increase of approximately 6.6%, mainly due to the increasing customers demand of our Group's heavy trucks' decorative components and parts, which was principally attributable to the increase in construction and industrial activities. Since heavy trucks were widely applied in infrastructure construction and logistics industries while the construction and logistics industries were stimulated by the policies such as "One Belt, One Road" and "Yangtze River Economic Zone", there has been a constant increase in the demand for heavy trucks.

Revenue from sales of passenger vehicles' decorative components and parts

Revenue generated from sales of passenger vehicles' decorative components and parts increased from approximately RMB24.9 million for the year ended 31 December 2018 to approximately RMB43.2 million for the year ended 31 December 2019, representing an increase of approximately 73.2%. Such increase was mainly due to our expanded customer base and new relationships with first-tier and/or multi-tier suppliers that supply automotive decorative products to passenger vehicle manufacturers.

FINANCIAL REVIEW

Revenue

Our revenue increased from approximately RMB263.8 million for the year ended 31 December 2018 to approximately RMB297.9 million for the year ended 31 December 2019, representing an increase of approximately 12.9%. The increase was primarily due to growth in sales of our heavy trucks' decorative components and parts and passenger vehicles' decorative components and parts.

Gross profit and gross profit margin

Our overall gross profit increased from approximately RMB89.9 million for the year ended 31 December 2018 to approximately RMB101.2 million for the year ended 31 December 2019, representing an increase of approximately 12.5%. Such increase was generally in line with the increase in revenue for the same period. Our overall gross profit margin decreased slightly from approximately 34.1% in 2018 to approximately 34.0% in 2019. Such decrease was mainly due to the increase in proportion of our Group's sales for passenger vehicle decorative components and parts to first-tier and/or multi-tier suppliers.

Other income/(loss)

We recorded other income of approximately RMB6.1 million for the year ended 31 December 2019 compared to other loss of approximately RMB0.6 million for the year ended 31 December 2018. Such change was primarily due to (i) net foreign exchange losses of approximately RMB2.8 million resulting from consideration payable for acquiring Xian Tianrui in 2018; and (ii) increase in government grants of approximately RMB2.2 million, mainly due to listing subsidies which were recognised as other income in 2019.

Selling expenses

Our selling expenses increased from approximately RMB7.3 million for the year ended 31 December 2018 to approximately RMB9.3 million for the year ended 31 December 2019, representing an increase of approximately 27.3%. Such increase was mainly due to the increase in transportation costs from approximately RMB2.8 million in 2018 to approximately RMB4.6 million in 2019, primarily attributable to the increase in our sales volume.

Administrative expenses

Our administrative expenses decreased from approximately RMB41.6 million for the year ended 31 December 2018 to approximately RMB40.3 million for the year ended 31 December 2019, representing a decrease of approximately 3.0%. Such decrease was mainly due to (i) decrease in listing expenses in 2019 of approximately RMB8.4 million; which was partially offset by (ii) increase in research and development expenses in 2019 of approximately RMB4.7 million; and (iii) increase in impairment losses on trade receivable in 2019 of approximately RMB2.9 million.

Finance costs

Our finance costs decreased from approximately RMB7.6 million for the year ended 31 December 2018 to approximately RMB5.7 million for the year ended 31 December 2019, representing a decrease of approximately 24.5%, which was mainly attributable to the decrease in our weighted average balance of bank and other loans during 2019.

Income tax

Our income tax expense increased from approximately RMB4.8 million for the year ended 31 December 2018 to approximately RMB7.1 million for the year ended 31 December 2019, representing an increase of approximately 46.6%. Such increase was mainly due to the increase in profit before tax for the period. The effective tax rates decreased from approximately 14.7% for the year ended 31 December 2018 to approximately 13.7% for the year ended 31 December 2019, mainly due to the combined effect of (i) increase of qualified research and development costs allowed for bonus deduction and (ii) foreign exchange loss for acquisition of Xian Tianrui in 2018, which is non-deductible for tax purpose.

Profit for the year

As a result of the foregoing, our profit for the year increased from approximately RMB28.0 million for the year ended 31 December 2018 to approximately RMB44.8 million for the year ended 31 December 2019, representing an increase of approximately 60.0%.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group's business operations are primarily financed by cash generated from operating activities, net proceeds received from the global offering of the Company completed in January 2019 and bank and other loans. As of 31 December 2019 and 2018, the Group had cash and cash equivalents of approximately RMB30.2 million and RMB13.4 million, respectively.

The Group monitors the cash flows and cash balance on a regular basis and seek to maintain optimal level of liquidity that can meet the working capital needs while supporting a healthy level of business and its various growth strategies.

Bank and Other Loans

Our bank and other loans increased from approximately RMB52.8 million as at 31 December 2018 to approximately RMB78.1 million as at 31 December 2019. Bank and other loans in the amounts of approximately RMB78.1 million (2018: approximately RMB 52.8 million) were secured by trade and bills receivables, property, plant and equipment of the Group.

Gearing Ratio

The gearing ratio as at 31 December 2018 and 2019 were at 45.7% and 33.8% , respectively.

Gearing ratio equals total debts divided by total equity as at the end of the respective year. Total debts include all interest-bearing bank and other loans.

Inventories

Our inventories increased from approximately RMB27.3 million as at 31 December 2018 to approximately RMB60.8 million as at 31 December 2019, representing an increase of approximately 123.2%. Such increase was mainly due to an increase of production activities and scale in response to our business growth and the raw materials accumulated for processing certain sales orders to be delivered after the Lunar New Year in 2020.

Prepayments for acquisitions of property, plant and equipment

Our prepayments for acquisitions of property, plant and equipment increased from approximately RMB9.3 million as at 31 December 2018 to approximately RMB23.0 million as at 31 December 2019, representing an increase of approximately 146.3%. Such increase was mainly due to our expansion in production facility to cope with our business growth.

Secured Assets

Certain of the Group's bank and other loans are secured by the following assets of the Group:

	2019 RMB'000	2018 RMB'000
Property, plant and equipment	**76,615**	57,060
Lease prepayments	**—**	9,486
Trade and bills receivables	**46,718**	41,241
	123,333	107,787

Capital Expenditure

As at 31 December 2019, the capital expenditures were approximately RMB31.3 million (2018: approximately RMB34.1 million). The capital expenditure incurred for the year ended 31 December 2019 primarily related to the construction of new plants and the purchase of new machinery and equipment.

Capital Commitments

As at 31 December 2019, the capital commitments in respect of property, plant and equipment contracted for approximately RMB39.1 million (2018: approximately RMB34.0 million).

Contingent Liabilities

As at 31 December 2019, the Group did not have any material contingent liabilities (2018: RMBNil).

FLUCTUATION OF RMB EXCHANGE RATE AND FOREIGN EXCHANGE RISKS

The majority of the Group's business and all bank borrowings are denominated and accounted for in RMB. Therefore, the Group does not have significant exposure to foreign exchange fluctuation.

The Board does not expect the fluctuation of RMB exchange rate and other foreign exchange fluctuations will have material impact on the business operations or financial results of the Group. The Group will closely monitor the foreign exchange market and take appropriate and effective measures from time to time to reduce any negative impact from exchange-rate risk to the furthest extent.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS

The Group had no significant investments held or material acquisitions and disposals of subsidiaries and associated companies during the year ended 31 December 2019.

DIVIDEND

The Board recommends the payment of a final dividend of HK$12,000,000 (equivalent to approximately RMB10,825,000), representing HK$0.6 cents per ordinary Share, for the year ended 31 December 2019. The proposed final dividend is subject to the shareholders' approval at the forthcoming annual general meeting. A notice convening the annual general meeting and the arrangement of the final dividend will be published on the websites of the Stock Exchange and the Company and despatched to the shareholders of the Company in the manner as required by the Listing Rules in due course.

EMPLOYEE AND REMUNERATION POLICIES

As of 31 December 2019, the Group had a total of 540 full time employees (2018: 425). For the year ended 31 December 2019, the Group incurred total staff costs of approximately RMB40.7 million (2018: approximately RMB29.8 million), representing an increase of approximately 36.7% as compared with those in 2018.

The remuneration policy of our Group to reward its employees and executives is based on their performance, qualifications, competence displayed and market comparable. Remuneration package typically comprises salaries and other benefits, discretionary bonuses, retirement benefits scheme contributions.

In order to retain and develop the knowledge, skill level and quality of our employees, the Group places a strong emphasis on training our employees. In addition, the Group offers a competitive remuneration package to retain elite employees, and reviews the package annually according to industry benchmark and financial results as well as the individual performance of employees.

USE OF PROCEEDS

The Company was listed on the Stock Exchange on 15 January 2019 (the "**Listing Date**"). The net proceeds from the Company's issue of new shares in the global offering, after deducting the underwriting commission and other related listing expenses payable by the Company in relation to the global offering, amounted to approximately HK$82.1 million, which are intended to be applied in compliance with the intended use of proceeds set out in the section headed "Future Plans and Use of Proceeds" contained in the prospectus of the Company dated 31 December 2018 (the "**Prospectus**").

During the period from the Listing Date and up to 31 December 2019, the Group has applied the net proceeds as follows:

Use	**Proposed use of net proceeds as set out in the Prospectus HK$ million** *(approximately)*	**Actual usage up to 31 December 2019 HK$ million** *(approximately)*	**Balance as at 31 December 2019 HK$ million** *(approximately)*
Improving the production capabilities and capacity	34.7	17.7	17.0
Partial repayment of bank loans	14.4	14.4	—
Enhancing the research and development capabilities	11.9	6.3	5.6
Improving and widening the product offerings	8.9	8.9	—
Establishing new offices and warehouses including the hiring of new salespersons and optimising and upgrading the information systems	3.9	3.5	0.4
General working capital	8.3	8.3	—
Total	82.1	59.1	23.0

The unused balance of the proceeds was placed as deposits with banks.

As of the date of this announcement, the Company does not anticipate any change to its plan on the use of proceeds as stated in the Prospectus.

MAJOR SUBSEQUENT EVENTS

The Novel Coronavirus Pneumonia Outbreak (the "**NCP Outbreak**") since early 2020 has brought about additional uncertainties in the Group's operating environment and may impact the Group's operations and financial position.

The Group has been closely monitoring the impact from the NCP Outbreak on the Group and has commenced to put in place various contingency measures. The directors of the Group confirm that these contingency measures include but not limited to gradual resumption of production and delivery of goods to customers since 11 February 2020 in accordance with the arrangement of government authorities while maintaining strict disease monitoring and control and safety production measures, negotiating with customers on delivery schedule, and continuously monitoring the operations of our customers. The Group will keep the contingency measures under review as the NCP Outbreak situation evolves.

As far as the Group's business is concerned, the NCP Outbreak may cause decrease of sales volume of automotive interior and exterior decorative components and parts in the short-run, but the directors of the Group consider that the Group's business will come back to normal situation along with the business resumption of the customers. In addition, the NCP Outbreak may also impact the repayment abilities of certain customers, which in turn may result in additional impairment losses on trade receivables in future periods. These possible impacts have not been reflected in these financial statements, and the actual impacts may differ from estimates adopted in these financial statements as the NCP Outbreak situation continues to evolve and when further information may become available.

The NCP Outbreak also caused a serious shortage of medical equipment supplies. As required by the local government, after obtaining the approval of relevant government department, the Group has been utilising its partial production resources and production equipment for the production of medical goggles and also engaged in the sales of the same. Details can be referred to the Company's announcement dated 18 February 2020.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

For the year ended 31 December 2019 and up to the date of this announcement, neither our Company, nor its subsidiary have purchased, redeemed or sold any of the Company's listed securities.

FUTURE PROSPECTS

Looking forward to the future, due to the development campaign of western regions（西部大開發）adopted in this area which would spur the development of infrastructure, such as transportation, energy, telecommunications, etc.; and considering that Shaanxi Government will raise a special industrial fund of RMB4.0 billion to expedite the automotive industry, the Group will capitalize on this opportunity and continue to strengthen new product development with existing customers, actively expand new passenger vehicle customers, continuously diversify product mix and enhance core competitiveness.

We have passed the evaluation of a passenger vehicles manufacturer and have been qualified as one of the approved suppliers for certain passenger vehicle decorative products. To this end, we will continue to devote additional resources into our research and development activities, optimize the management system and increase operating efficiency to complete transformation and change, and make new achievements. At the same time, we were selected into the list of the Novel Coronavirus Pneumonia prevention and control companies announced by the Ministry of Industry and Information Technology and will enjoy relevant preferential policies such as financial discounts. We will capture the emerging opportunities to carry out the production of medical goggles projects and will use the opportunities to actively identify partners for joint development and achieve sustainable and long-term business growth.

IN COMPLIANCE WITH THE CORPORATE GOVERNMENT CODE

Our Company has committed to delivering and maintaining a higher standard of corporate governance to meet business needs and shareholders' expectation. Our Company has adopted the principles and code provisions of the Corporate Governance Code set out in Appendix 14 to the Listing Rules as the basis of our Company's corporate governance practices. The Corporate Governance Code has been applicable to our Company with effect from the Listing Date, save for the following deviation:

Pursuant to code provision A.2.1 of the Corporate Governance Code, the role of chairman and the chief executive should be segregated and should not be performed by the same individual. However, Mr. Hou Jianli currently performs the roles as the chairman and general manager. The Board believes that vesting the roles of both chairman and general manager in the same person has the benefit of ensuring consistent leadership within our Group and enables more efficient overall strategic planning for our Group. The Board considers that the balance of power and authority will not be impaired by the present arrangement and this structure will enable our Company to make and implement decisions promptly and effectively. After taking into account the overall circumstances of our Group, the Board will continue to review and consider whether the duties of the chairman and general manager should be separated.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") as set out in Appendix 10 to the Listing Rules as the Company's code of conduct regarding Directors' and employees' securities transactions. Upon specific enquiries, all Directors and members of the senior management confirmed that they have complied with the relevant provisions of the Model Code throughout the period from the Listing Date to the date of this announcement.

AUDITORS

KPMG was appointed as the auditor for the financial statements of the Group prepared in accordance with the IFRSs for the year ended 31 December 2019. The figures in respect of the Group's financial statements set out in this announcement are consistent with those in the financial statements which have been audited by KPMG.

ANNUAL GENERAL MEETING

The AGM will be held on 12 June 2020. Shareholders should refer to details regarding the AGM in the circular of the Company, the notice of AGM and form of proxy accompanying thereto to be dispatched by the Company.

CLOSURE OF REGISTER OF MEMBERS

(a) Entitlement to attend and vote at the AGM

For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from 9 June 2020 to 12 June 2020, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, all transfer of shares of the Company, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong share registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on 8 June 2020, being the business day before the first day of closure of the register of members.

(b) Entitlement to qualify for the final dividend

For determining the entitlement to the final dividend, the register of members of the Company will be closed from 19 June 2020 to 24 June 2020, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to qualify for the final dividend, all transfer of shares of the Company, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong share registrar, Tricor Investor Services Limited, at the above address, for registration not later than 4:30 p.m. on 18 June 2020, being the business day before the first day of closure of the register of members.

REVIEW OF ANNUAL RESULTS

The audit committee had reviewed together with the management and the auditor of the Company the accounting principles and policies adopted by the Group and discussed internal control and financial reporting matters including the annual results and the audit of the consolidated financial statements for the year ended 31 December 2019.

PUBLICATION OF THE CONSOLIDATED ANNUAL RESULTS AND 2019 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on the website of the Stock Exchange at http://www.hkexnews.hk and on the website of the Company at http://www.trqcns.com and the annual report for the year ended 31 December 2019 containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the aforesaid websites of the Stock Exchange and the Company in due course.

By Order of the Board
China Tianrui Automotive Interiors Co., LTD
Hou Jianli
Chairman

Xi'an, the PRC, 27 March 2020

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Hou Jianli, Ms. Chen Bierui and Mr. Zhao Shijie, and three independent non-executive Directors, namely Mr. Zhu Hongqiang, Mr. Zhou Genshu and Mr. Shin Yick Fabian.