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**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)**

**INTERIM RESULTS ANNOUNCEMENT**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2021**

**RESULTS HIGHLIGHTS**

	<i>For the six months ended 30 June</i>		Change
	<i>2021</i>	<i>2020</i>	
	<b>RMB'000</b>	<b>RMB'000</b>	
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	
Revenue	<b>216,980</b>	178,717	21.41%
Gross profit	<b>63,175</b>	63,010	0.26%
Gross profit margin	<b>29.1%</b>	35.3%	-6.2% pts
Profit attributable to equity shareholders	<b>23,793</b>	31,653	-24.83%
Earnings per share			
Basic and diluted (RMB cents)	<b>1.19</b>	1.58	-24.68%
Proposed interim dividend (HK\$ cents)	—	—	N/A

The board (the “**Board**”) of directors (the “**Directors**”) of China Tianrui Automotive Interiors Co., LTD (the “**Company**”) is pleased to announce the unaudited consolidated financial results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2021 together with the comparative figures for the six months ended 30 June 2020. The interim results have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

**Consolidated statement of profit or loss**  
**for the six months ended 30 June 2021 – unaudited**  
*(Expressed in Renminbi (“RMB”))*

		<i>Six months ended 30 June</i>	
	<i>Note</i>	<b>2021</b>	<b>2020</b>
		<b>RMB'000</b>	<b>RMB'000</b>
<b>Revenue</b>	4	<b>216,980</b>	178,717
Cost of sales		<u>(153,805)</u>	<u>(115,707)</u>
<b>Gross profit</b>		<b>63,175</b>	63,010
Other income	5	<b>1,066</b>	3,923
Selling and distribution expenses		<b>(5,950)</b>	(5,107)
Administrative expenses		<b>(24,819)</b>	(18,897)
Impairment losses on trade and other receivables		<u>(466)</u>	<u>(2,193)</u>
<b>Profit from operations</b>		<b>33,006</b>	40,736
Finance costs	6(a)	<u>(4,825)</u>	<u>(3,236)</u>
<b>Profit before taxation</b>	6	<b>28,181</b>	37,500
Income tax	7	<u>(4,388)</u>	<u>(5,847)</u>
<b>Profit attributable to equity shareholders of the Company for the period</b>		<u><b>23,793</b></u>	<u>31,653</u>
<b>Earnings per share</b>	8		
Basic and diluted (RMB cents)		<u><b>1.19</b></u>	<u>1.58</u>

**Consolidated statement of profit or loss and other comprehensive income  
for the six months ended 30 June 2021 – Unaudited**  
(Expressed in RMB)

	<i>Six months ended 30 June</i>	
	<i>2021</i>	<i>2020</i>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Profit for the period</b>	<b>23,793</b>	31,653
<b>Other comprehensive income for the period (after tax):</b>		
Item that may be reclassified subsequently to profit or loss:		
— Exchange differences on translation into presentation currency of the Group	(78)	31
	<hr/>	<hr/>
<b>Total comprehensive income attributable to equity shareholders of the Company for the period</b>	<b>23,715</b>	<b>31,684</b>
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**Consolidated statement of financial position**  
**at 30 June 2021 – unaudited**  
*(Expressed in RMB)*

		<i>At 30 June</i>	<i>At 31 December</i>
		<b>2021</b>	2020
	<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Non-current assets</b>			
Property, plant and equipment		<b>181,993</b>	169,922
Intangible assets		<b>426</b>	479
Prepayments for acquisitions of property, plant and equipment		<b>9,792</b>	9,949
Deferred tax assets		<b>1,044</b>	1,753
		<u><b>193,255</b></u>	<u>182,103</u>
<b>Current assets</b>			
Inventories		<b>59,954</b>	78,466
Trade and bills receivables	9	<b>269,442</b>	254,962
Prepayments and other receivables		<b>13,494</b>	12,893
Cash at bank and on hand		<b>26,209</b>	97,484
		<u><b>369,099</b></u>	<u>443,805</u>
<b>Current liabilities</b>			
Bank and other loans		<b>84,543</b>	88,667
Trade and bills payables	10	<b>129,401</b>	223,388
Accrued expenses and other payables		<b>44,089</b>	28,984
Lease liabilities		<b>1,616</b>	1,064
Current taxation		<b>2,755</b>	3,214
		<u><b>262,404</b></u>	<u>345,317</u>
<b>Net current assets</b>		<u><b>106,695</b></u>	<u>98,488</u>
<b>Total assets less current liabilities</b>		<u><b>299,950</b></u>	<u>280,591</u>

**Consolidated statement of financial position  
at 30 June 2021 – unaudited (Continued)**  
*(Expressed in RMB)*

	<i>At 30 June 2021 RMB'000</i>	<i>At 31 December 2020 RMB'000</i>
<b>Non-current liabilities</b>		
Bank and other loans	14,123	7,349
Leased liabilities	55	1,048
Deferred income	2,009	2,122
	<u>16,187</u>	<u>10,519</u>
<b>NET ASSETS</b>	<b><u>283,763</u></b>	<b><u>270,072</u></b>
<b>CAPITAL AND RESERVES</b>		
Share capital	17,522	17,522
Reserves	266,241	252,550
<b>TOTAL EQUITY</b>	<b><u>283,763</u></b>	<b><u>270,072</u></b>

## Notes to the unaudited interim financial report

(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 Basis of preparation

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange, including compliance with International Accounting Standard (IAS) 34, *Interim financial reporting*, issued by the International Accounting Standards Board (IASB). It was authorised for issue on 25 August 2021.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2020 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2021 annual financial statements. Details of any changes in accounting policies are set out in Note 3.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2020 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards (“**IFRSs**”).

The financial information relating to the financial year ended 31 December 2020 that is included in the interim financial report as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2020 are available from the Company’s registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 26 March 2021.

### 3 Changes in accounting policies

The Group has applied the following amendments to IFRSs issued by the IASB to this interim financial report for the current accounting period:

- Amendments to IFRS 16, *Covid-19-related rent concessions beyond 30 June 2021*
- Amendment to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, *Interest rate benchmark reform – phase 2*

None of these amendments 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.

### 4 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 4(b).

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

	<i>Six months ended 30 June</i>	
	<i>2021</i>	<i>2020</i>
	<b>RMB'000</b>	RMB'000
<b>Revenue from contracts with customers within the scope of IFRS 15</b>		
Disaggregated by major products:		
— Sales of heavy trucks' decorative components and parts	<b>204,924</b>	160,189
— Sales of passenger vehicles' decorative components and parts	<b>12,056</b>	18,528
	<b>216,980</b>	178,717

Disaggregation of revenue from contracts with customers by the timing of revenue recognition and by geographic markets is disclosed in Notes 4(b)(i) and 4(b)(iii) respectively.

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

	<i>Six months ended 30 June</i>	
	<i>2021</i>	<i>2020</i>
	<b>RMB'000</b>	RMB'000
Customer A	<b>69,794</b>	95,953
Customer B	<b>129,376</b>	60,332

**(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 six months ended 30 June 2021 and 2020. 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 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 six months ended 30 June 2021 and 2020 is set out below.

	<i>Six months ended 30 June 2021</i>		
	<b>Heavy trucks' decorative components and parts RMB'000</b>	<b>Passenger vehicles' decorative components and parts RMB'000</b>	<b>Total RMB'000</b>
Revenue recognised at a point in time from external customers	<u>204,924</u>	<u>12,056</u>	<u>216,980</u>
Reportable segment gross profit	<u>61,150</u>	<u>2,025</u>	<u>63,175</u>
	<i>Six months ended 30 June 2020</i>		
	<b>Heavy trucks' decorative components and parts RMB'000</b>	<b>Passenger vehicles' decorative components and parts RMB'000</b>	<b>Total RMB'000</b>
Revenue recognised at a point in time from external customers	<u>160,189</u>	<u>18,528</u>	<u>178,717</u>
Reportable segment gross profit	<u>62,070</u>	<u>940</u>	<u>63,010</u>

(ii) *Reconciliation of reportable segment profit or loss*

	<i>Six months ended 30 June</i>	
	<i>2021</i>	<i>2020</i>
	<b>RMB'000</b>	RMB'000
Total reportable segment gross profit	<b>63,175</b>	63,010
Other income	<b>1,066</b>	3,923
Selling and distribution expenses	<b>(5,950)</b>	(5,107)
Administrative expenses	<b>(24,819)</b>	(18,897)
Impairment losses on trade and other receivables	<b>(466)</b>	(2,193)
Finance costs	<b>(4,825)</b>	(3,236)
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Consolidated profit before taxation	<b>28,181</b>	37,500
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(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.

**5 Other income**

	<i>Six months ended 30 June</i>	
	<i>2021</i>	<i>2020</i>
	<b>RMB'000</b>	RMB'000
Government grants (including amortisation of deferred income)	<b>312</b>	626
Net gain on sales of medical goggles and scrap materials	<b>417</b>	2,744
Interest income	<b>337</b>	202
Others	<b>–</b>	351
	<hr/>	<hr/>
	<b>1,066</b>	3,923
	<hr/> <hr/>	<hr/> <hr/>

## 6 Profit before taxation

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

### (a) Finance costs

	<i>Six months ended 30 June</i>	
	<i>2021</i>	<i>2020</i>
	<b>RMB'000</b>	<b>RMB'000</b>
Interest on		
— bank loan and other loans	<b>4,685</b>	3,115
— lease liabilities	<b>140</b>	121
	<hr/>	<hr/>
	<b>4,825</b>	3,236
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No borrowing costs have been capitalised during the six months ended 30 June 2021 (six months ended 30 June 2020: RMBNil).

### (b) Other items

	<i>Six months ended 30 June</i>	
	<i>2021</i>	<i>2020</i>
	<b>RMB'000</b>	<b>RMB'000</b>
Depreciation and amortisation	<b>11,201</b>	7,999
Research and development costs	<b>10,269</b>	7,959
Cost of inventories	<b>153,805</b>	115,707
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7 **Income tax**

	<i>Six months ended 30 June</i>	
	<i>2021</i>	<i>2020</i>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Current taxation</b>		
Provision for the period	<b>3,679</b>	6,538
<b>Deferred taxation</b>		
— Origination and reversal of temporary differences	<b>709</b>	(691)
	<b>4,388</b>	<b>5,847</b>

*Notes:*

- (i) The Company incorporated in the Cayman Islands 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 subsidiary of the Group incorporated in Hong Kong is subject to Hong Kong Profits Tax rate of 16.5% for the six months ended 30 June 2021 (six months ended 30 June 2020: 16.5%). The entity did not have assessable profits which is subject to Hong Kong Profits Tax for the six months ended 30 June 2021 (six months ended 30 June 2020: RMB Nil).
- (iii) The subsidiaries of the Group established in the PRC (excluding Hong Kong) are subject to PRC Corporate Income Tax rate at 25% for the six months ended 30 June 2021 (six months ended 30 June 2020: 25%). These subsidiaries obtained approvals from the respective tax bureaux in 2021 that they are entitled to tax benefits applicable to entities under the Third Phase of the Western Region Development Plan of the PRC, and enjoy a preferential PRC Corporate Income Tax rate of 15% for the calendar years from 2021 to 2030.
- (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**”) is qualified as a HNTe and the qualification was 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 100% (six months ended 30 June 2020: 75%) of such expenses could be deemed as deductible expenses.

## 8 Earnings per share

### (a) *Basic earnings per share*

The calculation of basic earnings per share for six months ended 30 June 2021 is based on the profit attributable to ordinary equity shareholders of the Company of RMB23,793,000 (six months ended 30 June 2020: RMB31,653,000) and the weighted average of 2,000,000,000 (six months ended 30 June 2020: 2,000,000,000) ordinary shares.

### (b) *Diluted earnings per share*

There were no dilutive potential shares outstanding during the six months ended 30 June 2021 and 2020.

## 9 Trade and bills receivables

	<i>At</i> <b>30 June</b> <b>2021</b> RMB'000	<i>At</i> <i>31 December</i> <i>2020</i> RMB'000
Trade receivables, net of loss allowance	<b>158,504</b>	131,660
Bills receivables	<b>110,938</b>	123,302
	<b>269,442</b>	254,962

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

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:

	<i>At</i> <b>30 June</b> <b>2021</b> <b>RMB'000</b>	<i>At</i> <b>31 December</b> <b>2020</b> <b>RMB'000</b>
Less than 3 months	<b>218,084</b>	216,239
3 to 6 months	<b>39,213</b>	36,338
6 to 12 months	<b>12,145</b>	2,385
	<u><b>269,442</b></u>	<u>254,962</u>

**10 Trade and bills payables**

	<i>At</i> <b>30 June</b> <b>2021</b> <b>RMB'000</b>	<i>At</i> <b>31 December</b> <b>2020</b> <b>RMB'000</b>
Trade payables	<b>129,401</b>	141,640
Bills payables	<u>–</u>	<u>81,748</u>
	<u><b>129,401</b></u>	<u>223,388</u>

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:

	<i>At 30 June 2021 RMB'000</i>	<i>At 31 December 2020 RMB'000</i>
Less than 3 months	91,435	117,293
3 to 6 months	34,159	99,238
6 to 12 months	1,799	6,169
over 1 year	2,008	688
	<u>129,401</u>	<u>223,388</u>

## 11 Dividends

(a) *Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and payable during the interim period*

	<i>Six months ended 30 June</i>	
	<i>2021 RMB'000</i>	<i>2020 RMB'000</i>
Final dividend in respect of the previous financial year, approved and payable during the following interim period, of HK\$0.6 cents per ordinary share (six months ended 30 June 2020: HK\$0.6 cents per ordinary share)	<u>10,024</u>	<u>10,825</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### INDUSTRY OVERVIEW

For 2021, under the background of routinized epidemic prevention and control, China will face a complicated economic situation and changing market pressure. Due to the lower base caused by COVID-19 in 2020 and the impact of full switch to new emission standards in July 2021, the sales of heavy trucks may show a downward trend throughout the year. Despite significant uncertainties, China's automobile industry, as a pillar industry, will play its role in stabilizing the fundamentals of economic development. In addition, 2021 is the 100th anniversary of the founding of the Communist Party of China. Therefore, adjustments to the macroeconomic policy will continue to benefit the automobile industry. Thanks to the effective control of the epidemic, the orderly resumption of work and production, the continuous consumption upgrade, and the stabilization and rebound of the national economy, the automobile market will continue to develop steadily under the new development pattern of "dual circulation".

### BUSINESS REVIEW

We are the largest heavy truck 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 six months ended 30 June 2021 and 2020:

	<i>Six months ended 30 June</i>			
	<i>2021</i>		<i>2020</i>	
	<b>RMB'000</b>	<b>%</b>	<b>RMB'000</b>	<b>%</b>
Heavy truck decorative components and parts	<b>204,924</b>	<b>94.4</b>	160,189	89.6
Passenger vehicle decorative components and parts	<b>12,056</b>	<b>5.6</b>	18,528	10.4
Total	<b>216,980</b>	<b>100.0</b>	178,717	100.0



### **Revenue from sales of heavy truck decorative components and parts**

Revenue generated from sales of heavy trucks' decorative components and parts increased from approximately RMB160.2 million for the six months ended 30 June 2020 to approximately RMB204.9 million for the six months ended 30 June 2021, representing an increase of approximately 27.9%. This increase was mainly due to the increasing customer demand for our Group's heavy trucks' decorative components and parts, which was principally attributable to the increase in construction and industrial activities. Since heavy trucks are widely used in infrastructure construction and logistics industries, and since the aforementioned industries have been stimulated by policies such as "One Belt, One Road" and "Yangtze River Economic Zone", there has been a constant increase in the demand for heavy trucks, which in turn increases demand for the Group's products.

### **Revenue from sales of passenger vehicle decorative components and parts**

Revenue generated from sales of passenger vehicles' decorative components and parts decreased from approximately RMB18.5 million for the six months ended 30 June 2020 to approximately RMB12.1 million for the six months ended 30 June 2021, representing a decrease of approximately 34.9%. The decrease was mainly due to our reduction of supply of low-margin products to multi-tier suppliers, while expanding products supply to automobile plants as the first-tier supplier.

## **FINANCIAL REVIEW**

### **Revenue**

Our revenue increased from approximately RMB178.7 million for the six months ended 30 June 2020 to approximately RMB217.0 million for the six months ended 30 June 2021, representing an increase of approximately 21.4%. The increase was primarily due to growth in sales of our heavy trucks' decorative components and parts.

### **Gross profit and gross profit margin**

Our gross profit increased from approximately RMB63.0 million for the six months ended 30 June 2020 to approximately RMB63.2 million for the six months ended 30 June 2021, representing an increase of approximately 0.3%. Our overall gross profit margin decreased from approximately 35.3% for the six months ended 30 June 2020 to approximately 29.1% for the six months ended 30 June 2021. Such decrease was mainly due to the slight decrease in the prices of some products compared with the same period last year, and the increase in the prices of upstream main raw materials and auxiliary materials compared with the same period last year.

### **Other income**

Other income decreased from approximately RMB3.9 million for the six months ended 30 June 2020 to approximately RMB1.1 million for the six months ended 30 June 2021, representing a decrease of approximately 72.8%. Such decrease was mainly due to (i) the decrease in net gain from sales of medical goggles of approximately RMB2.3 million for the six months ended 30 June 2021; and (ii) the reduction in recognised government subsidy of RMB0.3 million for the six months ended 30 June 2021.

### **Selling expenses**

Our selling expenses increased from approximately RMB5.1 million for the six months ended 30 June 2020 to approximately RMB6.0 million for the six months ended 30 June 2021, representing an increase of approximately 16.5%. The increase was mainly due to the increase in transportation costs as a result of the increase in our sales volume.

### **Administrative expenses**

Our administrative expenses increased from approximately RMB18.9 million for the six months ended 30 June 2020 to approximately RMB24.8 million for the six months ended 30 June 2021, representing an increase of approximately 31.3%. Such increase was mainly due to the increase in research and development expenses and employee benefit costs for the six months ended 30 June 2021.

### **Finance costs**

Our finance costs increased from approximately RMB3.2 million for the six months ended 30 June 2020 to approximately RMB4.8 million for the six months ended 30 June 2021, representing an increase of approximately 49.1%. The increase was mainly due to (i) the increase in capital needed for daily operating activities such as purchase arising from the growth of sales revenue for the six months ended 30 June 2021; and (ii) the increase in capital needed for the investments in equipments and moulds of new projects for the six months ended 30 June 2021.

### **Income tax**

Our income tax expense decreased from approximately RMB5.8 million for the six months ended 30 June 2020 to approximately RMB4.4 million for the six months ended 30 June 2021, representing a decrease of approximately 25.0%. Such decrease was mainly due to the decrease of profit before taxation for the six months ended 30 June 2021.

### **Profit for the period**

As a result of the foregoing, our profit for the period decreased from approximately RMB31.7 million for the six months ended 30 June 2020 to approximately RMB23.8 million for the six months ended 30 June 2021, representing an decrease of approximately 24.8%.

### **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

The Group's business operations are primarily financed by cash generated from operating activities, and bank and other loans. As of 30 June 2021 and 31 December 2020, the Group had cash and cash equivalents of approximately RMB26.2 million and RMB56.6 million, respectively.

The Group monitors the cash flows and cash balance on a regular basis, and seeks to maintain an optimal level of liquidity that can meet 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 RMB96.0 million as at 31 December 2020 to approximately RMB98.7 million as at 30 June 2021. Among them, the bank and other loans in the amounts of approximately RMB53.7 million (31 December 2020: RMB58.0 million) were secured by trade receivables and bills receivables, property, plant and equipment of the Group, and the credit loans and the loans guaranteed by third party amounted to approximately RMB45.0 million (31 December 2020: RMB38.0 million).

#### **Gearing Ratio**

The gearing ratio as at 31 December 2020 and 30 June 2021 were at 35.6% and 34.8%, 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.

## Secured Assets

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

	<i>As at</i> <b>30 June</b> <i>2021</i> <b>RMB'000</b>	<i>As at</i> <i>31 December</i> <i>2020</i> RMB'000
Property, plant and equipment	<b>35,275</b>	84,576
Trade and bills receivables	<b>21,595</b>	30,625
	<b>56,870</b>	115,201

## Capital Expenditure

As at 30 June 2021, the capital expenditures were approximately RMB24.4 million (six months ended 30 June 2020: approximately RMB18.3 million). The capital expenditures incurred for the six months ended 30 June 2021 were primarily related to the construction of new plants and the purchase of new machinery and equipment.

## Capital Commitments

As at 30 June 2021, the capital commitments in respect of property, plant and equipment contracted for approximately RMB30.3 million (31 December 2020: approximately RMB26.5 million).

## Contingent liabilities

As at 30 June 2021, the Group did not have any material contingent liabilities (31 December 2020: 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 to 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 six months ended 30 June 2021.

## **INTERIM DIVIDEND**

The board of directors of the Company does not recommend the payment of any interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

## **EMPLOYEE AND REMUNERATION POLICIES**

For the six months ended 30 June 2021, the average number of employees of the Group was 620 (six months ended 30 June 2020: 628). For the six months ended 30 June 2021, the total staff costs incurred by the Group were approximately RMB30.4 million (six months ended 30 June 2020: approximately RMB21.0 million), representing an increase of approximately 44.8%. The increase was mainly due to (i) an increment of the direct labor costs as a result of our increasing product sales; (ii) an increment of staff salaries as our Group actively expanding new projects, increasing R&D investments and introducing high-level talent teams; and (iii) the absence of exemption of payment of defined contribution retirement plans granted by the local government to our subsidiaries established in the PRC due to COVID-19 during the period in the current year as compared with the corresponding period in 2020.

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

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.

## **MAJOR SUBSEQUENT EVENTS**

The outbreak of COVID-19 since early 2020 has brought additional uncertainties in the Group's operating environment in the PRC. As far as the Group's business is concerned, the outbreak has not negatively affected the Group's financial performance for the period ended 30 June 2021 and up to the date of this announcement. Management will continue to monitor the development of COVID-19 and react actively to its impact on the financial position and operating results of the Group.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

For the period ended 30 June 2021 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 continue to adhere to customer demand-oriented, take technological innovation as the core, continue to increase R&D investment, strengthen R&D team building, strengthen new product development with existing customers, actively expand new passenger vehicle customers, continuously expand product mix and enhance core competitiveness.

## **IN COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

Our Company is committed to delivering and maintaining a higher standard of corporate governance to meet business needs and shareholders' expectations. Our Company has adopted the principles and code provisions of the Corporate Governance Code set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (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. In addition, other board members and independent non-executive Directors continue to scrutinise important decisions and monitor the chairman cum chief executive's power. 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 (the "**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.

## **AUDIT COMMITTEE**

The Audit Committee has reviewed the accounting principles and policies adopted by the Group and discussed internal control and financial reporting matters including a review of the interim results for the six months ended 30 June 2021.

## **PUBLICATION OF THE CONSOLIDATED INTERIM RESULTS AND 2021 INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY**

This interim results announcement is published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and on the website of the Company at [www.trqens.com](http://www.trqens.com) and the interim report for the six months ended 30 June 2021 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, 25 August 2021

*As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Hou Jianli and Ms. Hou Yuxi, and three independent non-executive Directors, namely Mr. Zhu Hongqiang, Mr. Zhou Genshu and Mr. Chen Geng.*