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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 2024

### RESULTS HIGHLIGHTS

	<i>For the six months ended 30 June</i>		Change
	<i>2024</i>	<i>2023</i>	
	<b>RMB'000</b>	<b>RMB'000</b>	
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	
Revenue	<b>98,461</b>	116,154	-15.23%
Gross profit	<b>15,796</b>	23,754	-33.50%
Gross profit margin	<b>16.0%</b>	20.5%	-4.5pts
Loss attributable to equity shareholders	<b>(3,676)</b>	(2,956)	24.36%
Loss per share			
Basic and diluted (RMB cents)	<b>(0.18)</b>	(0.15)	20.00%
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 2024 together with the comparative figures for the six months ended 30 June 2023. 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 2024 – unaudited**  
*(Expressed in Renminbi (“RMB”))*

	<i>Note</i>	<i>Six months ended 30 June</i>	
		<b>2024</b>	<b>2023</b>
		<b>RMB’000</b>	<b>RMB’000</b>
<b>Revenue</b>	4	<b>98,461</b>	116,154
Cost of sales		<u>(82,665)</u>	<u>(92,400)</u>
<b>Gross profit</b>	4(b)	<b>15,796</b>	23,754
Other income	5	<b>1,046</b>	1,084
Selling and distribution expenses		<b>(1,697)</b>	(4,535)
Administrative expenses		<b>(15,193)</b>	(17,377)
Impairment losses on trade and other receivables		<u>(1,561)</u>	<u>(1,647)</u>
<b>(Loss)/profit from operations</b>		<b>(1,609)</b>	1,279
Finance costs	6(a)	<u>(3,366)</u>	<u>(4,657)</u>
<b>Loss before taxation</b>	6	<b>(4,975)</b>	(3,378)
Income tax	7	<u>1,299</u>	<u>422</u>
<b>Loss attributable to equity shareholders of the Company for the period</b>		<u><b>(3,676)</b></u>	<u>(2,956)</u>
<b>Loss per share</b>	8		
Basic and diluted (RMB cents)		<u><b>(0.18)</b></u>	<u>(0.15)</u>

**Consolidated statement of profit or loss and other comprehensive income  
for the six months ended 30 June 2024 – Unaudited**  
(Expressed in RMB)

	<i>Six months ended 30 June</i>	
	<i>2024</i>	<i>2023</i>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Loss for the period</b>	<b>(3,676)</b>	<b>(2,956)</b>
<b>Other comprehensive income for the period (after tax):</b>		
Items that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation into presentation currency of the Group	<u>68</u>	<u>311</u>
<b>Total comprehensive income attributable to equity shareholders of the Company for the period</b>	<b><u><u>(3,608)</u></u></b>	<b><u><u>(2,645)</u></u></b>

**Consolidated statement of financial position**  
**at 30 June 2024 – unaudited**  
*(Expressed in RMB)*

		<i>At 30 June</i>	<i>At 31 December</i>
		<b>2024</b>	2023
	<i>Note</i>	<b>RMB'000</b>	RMB'000
<b>Non-current assets</b>			
Property, plant and equipment		<b>161,295</b>	164,989
Intangible assets		<b>1,093</b>	1,198
Prepayments for acquisitions of property, plant and equipment		<b>10,832</b>	9,443
Deferred tax assets		<b>8,820</b>	7,521
		<u><b>182,040</b></u>	<u>183,151</u>
<b>Current assets</b>			
Inventories		<b>62,352</b>	60,607
Trade and bills receivables	9	<b>177,458</b>	167,045
Prepayments and other receivables		<b>25,840</b>	25,527
Cash at bank and on hand		<b>59,791</b>	92,603
		<u><b>325,441</b></u>	<u>345,782</u>
<b>Current liabilities</b>			
Bank and other loans		<b>100,291</b>	87,286
Trade and bills payables	10	<b>109,172</b>	141,437
Accrued expenses and other payables		<b>33,670</b>	33,542
Lease liabilities		<b>1,965</b>	1,395
Current taxation		<b>1,251</b>	1,251
		<u><b>246,349</b></u>	<u>264,911</u>
<b>Net current assets</b>		<u><b>79,092</b></u>	<u>80,871</u>
<b>Total assets less current liabilities</b>		<u><b>261,132</b></u>	<u>264,022</u>

**Consolidated statement of financial position**  
**at 30 June 2024 – unaudited (Continued)**  
*(Expressed in RMB)*

	<i>At 30 June</i> <b>2024</b> RMB'000	<i>At 31 December</i> 2023 RMB'000
<b>Non-current liabilities</b>		
Bank and other loans	14,565	14,803
Leased liabilities	1,975	715
Deferred income	2,754	3,058
	<u>19,294</u>	<u>18,576</u>
<b>NET ASSETS</b>	<b><u>241,838</u></b>	<b><u>245,446</u></b>
<b>CAPITAL AND RESERVES</b>		
Share capital	17,522	17,522
Reserves	224,316	227,924
<b>TOTAL EQUITY</b>	<b><u>241,838</u></b>	<b><u>245,446</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 (the “**IASB**”). It was authorised for issue on 21 August 2024.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 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 2023 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 IFRS Accounting Standards issued by the IASB.

The financial information relating to the financial year ended 31 December 2023 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 2023 are available from the Company’s registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 28 March 2024.

### 3 Changes in accounting policies

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

- Amendments to IAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current* (“2020 amendments”)
- Amendments to IAS 1, *Presentation of financial statements: Non-current liabilities with covenants* (“2022 amendments”)
- Amendments to IFRS 16, *Leases: Lease liability in a sale and leaseback*
- Amendments to IAS 7, *Statement of cash flows and IFRS 7, Financial instruments: Disclosures – Supplier finance arrangements*

### 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>2024</i>	<i>2023</i>
	<b>RMB’000</b>	<b>RMB’000</b>
<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>90,942</b>	104,832
– Sales of passenger vehicles’ decorative components and parts	<b>7,519</b>	11,322
	<b>98,461</b>	116,154

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>2024</i>	<i>2023</i>
	<b>RMB'000</b>	RMB'000
Customer A	<b>23,148</b>	28,088
Customer B	<b>63,188</b>	73,331

**(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 2024 and 2023. 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 2024 and 2023 is set out below.

	<i>Six months ended 30 June 2024</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>90,942</u>	<u>7,519</u>	<u>98,461</u>
Reportable segment gross profit	<u>15,714</u>	<u>82</u>	<u>15,796</u>
	<i>Six months ended 30 June 2023</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>104,832</u>	<u>11,322</u>	<u>116,154</u>
Reportable segment gross profit	<u>23,358</u>	<u>396</u>	<u>23,754</u>

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

	<i>Six months ended 30 June</i>	
	<i>2024</i>	<i>2023</i>
	<b>RMB'000</b>	RMB'000
Total reportable segment gross profit	<b>15,796</b>	23,754
Other income	<b>1,046</b>	1,084
Selling and distribution expenses	<b>(1,697)</b>	(4,535)
Administrative expenses	<b>(15,193)</b>	(17,377)
Impairment losses on trade and other receivables	<b>(1,561)</b>	(1,647)
Finance costs	<b>(3,366)</b>	(4,657)
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Consolidated loss before taxation	<b>(4,975)</b>	(3,378)
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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>2024</i>	<i>2023</i>
	<b>RMB'000</b>	RMB'000
Government grants (including amortisation of deferred income)	<b>535</b>	372
Net gain on sales of scrap materials	<b>403</b>	310
Quality compensation for received products	<b>–</b>	161
Interest income	<b>108</b>	241
	<hr/>	<hr/>
	<b>1,046</b>	1,084
	<hr/> <hr/>	<hr/> <hr/>

## 6 Loss before taxation

Loss before taxation is arrived at after charging:

### (a) Finance costs

	<i>Six months ended 30 June</i>	
	<i>2024</i>	<i>2023</i>
	<b>RMB'000</b>	<b>RMB'000</b>
Interest on		
– bank loan and other loans	<b>3,289</b>	4,619
– lease liabilities	<b>77</b>	38
	<hr/>	<hr/>
	<b>3,366</b>	4,657
	<hr/> <hr/>	<hr/> <hr/>

### (b) Other items

	<i>Six months ended 30 June</i>	
	<i>2024</i>	<i>2023</i>
	<b>RMB'000</b>	<b>RMB'000</b>
Depreciation and amortisation	<b>16,232</b>	16,820
Research and development costs	<b>3,328</b>	6,373
Cost of inventories	<b>82,665</b>	92,400
	<hr/>	<hr/>
	<b>82,665</b>	92,400
	<hr/> <hr/>	<hr/> <hr/>

## 7 Income tax

	<i>Six months ended 30 June</i>	
	<i>2024</i>	<i>2023</i>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Current taxation</b>		
Provision for the period	–	–
<b>Deferred taxation</b>		
– Origination and reversal of temporary differences	<u>1,299</u>	<u>422</u>
	<u><b>1,299</b></u>	<u><b>422</b></u>

### *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 2024 (six months ended 30 June 2023: 16.5%). The entity did not have assessable profits which is subject to Hong Kong Profits Tax for the six months ended 30 June 2024 (six months ended 30 June 2023: 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 2024 (six months ended 30 June 2023: 25%).
- (iv) Certain subsidiaries of the Group established in the PRC obtained approvals from the 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.
- (v) 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. Xi’an Tianrui Automotive Interiors Co., Ltd. (“**Xi’an Tianrui**”) is qualified as a HNTE and the qualification was valid for three years from 2022 to 2024.
- (vi) 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 2023: 100%) of such expenses could be deemed as deductible expenses.

## 8 Loss per share

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

The calculation of basic loss per share for six months ended in 30 June 2024 is based on the loss attributable to ordinary equity shareholders of the Company of RMB3,676,000 (six months ended 30 June 2023: loss RMB2,956,000) and the weighted average of 2,000,000,000 (six months ended 30 June 2023: 2,000,000,000) ordinary shares.

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

There were no dilutive potential shares outstanding during the six months ended 30 June 2024 and 2023.

## 9 Trade and bills receivables

	<i>At</i> <b>30 June</b> <b>2024</b> RMB'000	<i>At</i> <i>31 December</i> <i>2023</i> RMB'000
Trade receivables, net of loss allowance	<b>147,672</b>	125,502
Bills receivables	<b>29,786</b>	41,543
	<b>177,458</b>	167,045

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>2024</b> RMB'000	<i>At</i> <i>31 December</i> <i>2023</i> RMB'000
Less than 3 months	<b>111,450</b>	137,323
3 to 6 months	<b>29,103</b>	16,205
6 to 12 months	<b>36,905</b>	13,517
	<b>177,458</b>	167,045

## 10 Trade and bills payables

	<i>At</i> <b>30 June</b> <i>2024</i> RMB'000	<i>At</i> <i>31 December</i> <i>2023</i> RMB'000
Trade payables	88,610	100,716
Bills payables	<u>20,562</u>	<u>40,721</u>
	<b><u>109,172</u></b>	<b><u>141,437</u></b>

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</i> <b>30 June</b> <i>2024</i> RMB'000	<i>At</i> <i>31 December</i> <i>2023</i> RMB'000
Less than 3 months	56,034	66,821
3 to 6 months	21,896	39,558
6 to 12 months	21,637	29,734
over 1 year	<u>9,605</u>	<u>5,324</u>
	<b><u>109,172</u></b>	<b><u>141,437</u></b>

## 11 Dividends

No Dividend was paid or proposed during the six months ended 30 June 2024, nor has any dividend been proposed since the end of the interim reporting period (six months ended 30 June 2023: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### INDUSTRY OVERVIEW

In the first half of 2024, the automotive industry showed an overall growth trend, with a slight increase in heavy truck market sales and a steady growth in passenger car market sales. However, the enterprises in the industry were facing significant operational pressure amidst keen industry competition and slowed domestic consumption growth.

### 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 2024 and 2023:

	<i>Six months ended 30 June</i>			
	<i>2024</i>		<i>2023</i>	
	<b>RMB'000</b>	<b>%</b>	<b>RMB'000</b>	<b>%</b>
Heavy truck decorative components and parts	<b>90,942</b>	<b>92.4</b>	104,832	90.2
Passenger vehicle decorative components and parts	<b>7,519</b>	<b>7.6</b>	11,322	9.8
Total	<b>98,461</b>	<b>100.0</b>	116,154	100.0

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

Revenue generated from sales of heavy trucks' decorative components and parts decreased from approximately RMB104.8 million for the six months ended 30 June 2023 to approximately RMB 90.9 million for the six months ended 30 June 2024, representing a decrease of approximately 13.2% as a result of a decrease in the sales volume in the heavy truck engine market.

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

Revenue generated from sales of passenger vehicles' decorative components and parts decreased from approximately RMB11.3 million for the six months ended 30 June 2023 to approximately RMB7.5 million for the six months ended 30 June 2024, representing a decrease of approximately 33.6%. Such decrease was primarily due to the fact that the Company has not yet achieved mass production of the newly developed products, and customers changed from outsourcing production to self-production.

## **FINANCIAL REVIEW**

### **Revenue**

Our revenue decreased from approximately RMB116.2 million for the six months ended 30 June 2023 to approximately RMB98.5 million for the six months ended 30 June 2024, representing a decrease of approximately 15.2%. Such decrease was primarily due to a decrease in sales of decorative parts and components of heavy trucks and the new passenger vehicle business not having achieved mass production.

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

Our gross profit decreased from approximately RMB23.8 million for the six months ended 30 June 2023 to approximately RMB15.8 million for the six months ended 30 June 2024, representing a decrease of approximately 33.5%. The decrease was consistent with the decrease in revenue over the same period. Our overall gross profit margin decreased from approximately 20.5% for the six months ended 30 June 2023 to approximately 16.0% for the six months ended 30 June 2024. Such decrease was primarily due to a decrease in revenue and a slight increase in fixed costs such as depreciation.

### **Other income**

Our other income decreased from approximately RMB1.1 million for the six months ended 30 June 2023 to approximately RMB1.0 million for the six months ended 30 June 2024, representing a decrease of approximately 3.5%.

### **Selling and distribution expenses**

Our selling and distribution expenses decreased from approximately RMB4.5 million for the six months ended 30 June 2023 to approximately RMB1.7 million for the six months ended 30 June 2024, representing a decrease of approximately 62.6%. Such decrease was primarily due to the optimization of product transformation and adjustment of the personnel structure.

### **Administrative expenses**

Our administrative expenses decreased from approximately RMB17.4 million for the six months ended 30 June 2023 to approximately RMB15.2 million for the six months ended 30 June 2024, representing a decrease of approximately 12.6%. Such decrease was mainly due to the optimization of product transformation and adjustment of the personnel structure.



### **Finance costs**

Our finance costs decreased from approximately RMB4.7 million for the six months ended 30 June 2023 to approximately RMB3.4 million for the six months ended 30 June 2024, representing a decrease of approximately 27.7%. Such decrease was mainly attributable to the decrease in the interest rates of our bank and other loans during the six months ended 30 June 2024.

### **Income tax**

Our income tax credit amounted to approximately RMB1.3 million for the six months ended 30 June 2024 and the income tax credit accounted to approximately RMB0.4 million for the six months ended 30 June 2023. The income tax credit was mainly due to the negative profit before tax during the period and the recognition of the deferred income tax assets.

### **Loss for the period**

As a result of the foregoing, we recorded a loss for the six months ended 30 June 2024 amounted to approximately RMB3.7 million, while the loss for the six months ended 30 June 2023 amounted to approximately RMB3.0 million.

## **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 2024 and 31 December 2023, the Group had cash and cash equivalents of approximately RMB50.3 million and RMB67.5 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 healthy development of business and its various growth strategies.

### **Bank and other loans**

Our bank and other loans increased from approximately RMB102.1 million as at 31 December 2023 to approximately RMB114.9 million as at 30 June 2024. Among them, the credit loans and the loans guaranteed by third party, the ultimate controlling party of the Company, or a subsidiary of the Company amounted to approximately RMB58.2 million (31 December 2023: approximately RMB47.5 million); and the secured bank and other loans in the amounts of approximately RMB51.8 million (31 December 2023: approximately RMB54.6 million) were secured by trade receivables and bills receivables, cash at bank property, plant and equipment of the Group; and the loans unsecured and unguaranteed amounted to approximately RMB4.9 million (31 December 2023: RMB nil).

### **Gearing ratio**

The gearing ratio as at 31 December 2023 and 30 June 2024 were 53.6% and 52.3%, respectively.

Gearing ratio equals total debts divided by total equity as at the end of the respective year or period. 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> <b>2024</b> <b>RMB'000</b>	<i>As at</i> <i>31 December</i> <i>2023</i> RMB'000
Property, plant and equipment	<b>106,766</b>	109,855
Trade and bills receivables	<b>5,592</b>	298
Cash at bank	<b>5,000</b>	5,000
	<b>117,358</b>	115,153

## Capital expenditure

For the six months ended 30 June 2024, the capital expenditures were approximately RMB9.23 million (six months ended 30 June 2023: approximately RMB7.06 million). The capital expenditure incurred for the six months ended 30 June 2024 primarily related to the construction of new plants and the purchase of new machinery and equipment.

## Capital commitments

As at 30 June 2024, the capital commitments in respect of property, plant and equipment contracted for was approximately RMB23.7 million (31 December 2023: approximately RMB22.4 million).

## Contingent liabilities

As at 30 June 2024, the Group did not have any material contingent liabilities (31 December 2023: Nil).

## 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 six months ended 30 June 2024.

## **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 2024 (six months ended 30 June 2023: Nil).

## **EMPLOYEE AND REMUNERATION POLICIES**

As of 30 June 2024, the Group had a total of 357 full time employees (30 June 2023: 397). For the six months ended 30 June 2024, the Group incurred total staff costs of approximately RMB18.7 million (six months ended 30 June 2023: approximately RMB21.3 million).

The remuneration policy of our Group to reward its employees and executives is based on their performance, qualifications and competence displayed and 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.

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

For the six months ended 30 June 2024 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.

## **IMPORTANT EVENTS AFTER THE END OF THE FINANCIAL PERIOD**

There were no important events affecting the Group which have occurred after the end of the financial period ended 30 June 2024 and up to the date of this announcement.

## **FUTURE PROSPECTS**

Looking forward to the future, amid increasingly fierce competition, the reshuffling of the automotive industry is accelerating. Under the dual drive of domestic and foreign demand, the automotive industry is expected to maintain a sustained growth trend this year. The Group will take this opportunity to continue to strengthen its cooperation with existing customers in the development of new products and actively expand new customers of passenger vehicles, so as to continuously expand its product portfolio and enhance its core competitiveness.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE 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 (the “**Corporate Governance Code**”) set out in Appendix C1 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. Our Company has complied with all code provisions of the Corporate Governance Code for the six months ended 30 June 2024, save for the following deviation:

Pursuant to code provision C.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 chief executive 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 and chief executive's power. The Board will continue to review and consider whether the duties of the chairman and general manager should be separated after taking into account the overall circumstances of our Group.

## **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 C3 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 six months ended 30 June 2024.

## **AUDIT COMMITTEE**

The Audit Committee had 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 2024.

**PUBLICATION OF THE CONSOLIDATED INTERIM RESULTS AND 2024 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 2024 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, 21 August 2024

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