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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 2023

RESULTS HIGHLIGHTS

	<i>For the six months ended 30 June</i>		Change
	<i>2023</i>	<i>2022</i>	
	RMB'000 <i>(Unaudited)</i>	RMB'000 <i>(Unaudited)</i>	
Revenue	116,154	78,502	47.96%
Gross profit	23,754	11,275	110.68%
Gross profit margin	20.5%	14.4%	6.1pts
Loss attributable to equity shareholders	(2,956)	(10,895)	72.87%
Loss per share			
Basic and diluted (RMB cents)	(0.15)	(0.54)	72.22%
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 2023 together with the comparative figures for the six months ended 30 June 2022. 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 2023 – unaudited
(Expressed in Renminbi (“RMB”))

		<i>Six months ended 30 June</i>	
		2023	2022
	<i>Note</i>	RMB'000	RMB'000
Revenue	4	116,154	78,502
Cost of sales		<u>(92,400)</u>	<u>(67,227)</u>
Gross profit	4(b)	23,754	11,275
Other income	5	1,084	813
Selling and distribution expenses		(4,535)	(3,337)
Administrative expenses		(17,377)	(16,969)
Impairment losses (provided)/reversed for trade and other receivables		<u>(1,647)</u>	<u>287</u>
Profit/(loss) from operations		1,279	(7,931)
Finance costs	6(a)	<u>(4,657)</u>	<u>(5,017)</u>
Loss before taxation	6	(3,378)	(12,948)
Income tax	7	<u>422</u>	<u>2,053</u>
Loss attributable to equity shareholders of the Company for the period		<u>(2,956)</u>	<u>(10,895)</u>
Loss per share	8		
Basic and diluted (RMB cents)		<u>(0.15)</u>	<u>(0.54)</u>

**Consolidated statement of profit or loss and other comprehensive income
for the six months ended 30 June 2023 – Unaudited**
(Expressed in RMB)

	<i>Six months ended 30 June</i>	
	<i>2023</i>	<i>2022</i>
	RMB'000	RMB'000
Loss for the period	(2,956)	(10,895)
Other comprehensive income for the period (after tax):		
Items that may be reclassified subsequently to profit or loss:		
— Exchange differences on translation into presentation currency of the Group	<u>311</u>	<u>450</u>
Total comprehensive loss attributable to equity shareholders of the Company for the period	<u>(2,645)</u>	<u>(10,445)</u>

Consolidated statement of financial position
at 30 June 2023 – unaudited
(Expressed in RMB)

		<i>At 30 June</i>	<i>At 31 December</i>
		2023	2022
	<i>Note</i>	RMB'000	RMB'000
Non-current assets			
Property, plant and equipment		184,331	195,240
Intangible assets		1,320	1,541
Prepayments for acquisitions of property, plant and equipment		8,322	8,794
Deferred tax assets		6,814	6,384
		<u>200,787</u>	<u>211,959</u>
Current assets			
Inventories		63,902	53,193
Trade and bills receivables	9	167,735	125,300
Prepayments and other receivables		20,539	21,091
Cash at bank and on hand		46,822	106,491
		<u>298,998</u>	<u>306,075</u>
Current liabilities			
Bank and other loans		93,917	113,675
Trade and bills payables	10	102,522	97,805
Accrued expenses and other payables		42,982	43,290
Lease liabilities		466	539
Current taxation		572	560
		<u>240,459</u>	<u>255,869</u>
Net current assets		<u>58,539</u>	<u>50,206</u>
Total assets less current liabilities		<u>259,326</u>	<u>262,165</u>

Consolidated statement of financial position
at 30 June 2023 – unaudited (Continued)
(Expressed in RMB)

	<i>Note</i>	<i>At 30 June</i> 2023 RMB'000	<i>At 31 December</i> 2022 RMB'000
Non-current liabilities			
Bank and other loans		16,579	16,806
Leased liabilities		400	–
Deferred income		3,426	3,793
		<u>20,405</u>	<u>20,599</u>
NET ASSETS		<u>238,921</u>	<u>241,566</u>
CAPITAL AND RESERVES			
Share capital		17,522	17,522
Reserves		221,399	224,044
TOTAL EQUITY		<u>238,921</u>	<u>241,566</u>

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 2023.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2022 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2023 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 2022 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 2022 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 2022 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 2023.

3 Changes in accounting policies

The IASB has issued the following amendments to IFRSs that are first effective for the current accounting period of the Group:

- IFRS 17, *Insurance contracts*
- Amendments to IAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to IAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to IAS 12, *Income taxes: International tax reform – Pillar Two model rules*

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>2023</i>	<i>2022</i>
	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	104,832	63,015
— Sales of passenger vehicles' decorative components and parts	11,322	15,487
	116,154	78,502

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>2023</i>	<i>2022</i>
	RMB'000	RMB'000
Customer A	28,088	21,603
Customer B	73,331	36,300

(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 2023 and 2022. 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 2023 and 2022 is set out below:

	<i>Six months ended 30 June 2023</i>		
	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	<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>
	<i>Six months ended 30 June 2022</i>		
	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	<u>63,015</u>	<u>15,487</u>	<u>78,502</u>
Reportable segment gross profit	<u>9,726</u>	<u>1,549</u>	<u>11,275</u>

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

	<i>Six months ended 30 June</i>	
	<i>2023</i>	<i>2022</i>
	RMB'000	RMB'000
Total reportable segment gross profit	23,754	11,275
Other income	1,084	813
Selling and distribution expenses	(4,535)	(3,337)
Administrative expenses	(17,377)	(16,969)
Impairment losses provided/(reversed) for the period on trade and other receivables	(1,647)	287
Finance costs	(4,657)	(5,017)
	<hr/>	<hr/>
Consolidated loss before taxation	(3,378)	(12,948)
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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>2023</i>	<i>2022</i>
	RMB'000	RMB'000
Government grants (including amortisation of deferred income)	372	367
Net gain on sales of medical goggles and scrap Materials	310	165
Products quality compensation	161	–
Interest income	241	281
	<hr/>	<hr/>
	1,084	813
	<hr/> <hr/>	<hr/> <hr/>

6 Loss before taxation

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

(a) Finance costs

	<i>Six months ended 30 June</i>	
	<i>2023</i>	<i>2022</i>
	RMB'000	RMB'000
Interests on		
— bank loan and other loans	4,619	4,987
— lease liabilities	38	30
	4,657	5,017

No borrowing costs have been capitalised for the six months ended 30 June 2023 (six months ended 30 June 2022: RMB Nil).

(b) Other items

	<i>Six months ended 30 June</i>	
	<i>2023</i>	<i>2022</i>
	RMB'000	RMB'000
Depreciation and amortisation	16,820	16,137
Research and development costs	6,373	5,768
Cost of inventories	92,400	67,227

7 Income tax

	<i>Six months ended 30 June</i>	
	<i>2023</i>	<i>2022</i>
	RMB'000	RMB'000
Current taxation		
Provision for the period	–	(10)
Deferred taxation		
— Origination and reversal of temporary differences	<u>(422)</u>	<u>(2,043)</u>
	<u>(422)</u>	<u>(2,053)</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 2023 (six months ended 30 June 2022: 16.5%). The entity did not have assessable profits which is subject to Hong Kong Profits Tax for the six months ended 30 June 2023 (six months ended 30 June 2022: 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 2023 (six months ended 30 June 2022: 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. Xian Tianrui Automotive Interiors Co., Ltd. (“**Xian 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 2022: 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 2023 is based on the loss attributable to ordinary equity shareholders of the Company of RMB2,956,000 (six months ended 30 June 2022: loss RMB10,895,000) and the weighted average of 2,000,000,000 (six months ended 30 June 2022: 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 2023 and 2022.

9 Trade and bills receivables

	<i>At</i> 30 June <i>2023</i> RMB'000	<i>At</i> <i>31 December</i> <i>2022</i> RMB'000
Trade receivables, net of loss allowance	151,853	85,700
Bills receivables	15,882	39,600
	167,735	125,300

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> 30 June 2023 RMB'000	<i>At</i> <i>31 December</i> <i>2022</i> RMB'000
Less than 3 months	112,044	94,438
3 to 6 months	9,197	14,888
6 to 12 months	46,494	15,974
	167,735	125,300

10 Trade and bills payables

	<i>At</i> 30 June 2023 RMB'000	<i>At</i> <i>31 December</i> <i>2022</i> RMB'000
Trade payables	87,890	47,074
Bills payables	14,632	50,731
	102,522	97,805

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> 30 June 2023 RMB'000	<i>At</i> <i>31 December</i> <i>2022</i> RMB'000
Less than 3 months	63,497	54,144
3 to 6 months	24,576	35,848
6 to 12 months	8,824	3,025
over 1 year	5,625	4,788
	102,522	97,805

11 Dividends

No Dividend was paid or proposed during the six months ended 30 June 2023, nor has any dividend been proposed since the end of the interim reporting period (six months ended 30 June 2022: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

In the first half of 2023, the 20th CPC National Congress was held successfully. Benefit from the continuous support of local governments' policies to promote consumption and infrastructure and stabilize the real estate industry, investments in the construction of infrastructures continued to increase, the import and export businesses were steadily advanced, and the heavy truck market ushered in a recovery. For the heavy truck market condition in 2023, the positive factors are relatively clear. Firstly, the road traffic network has been basically unimpeded. Secondly, the supply chain system has been gradually restored. Thirdly, the increase in employment has been conducive to boosting consumer confidence. Fourthly, the pandemic has been effectively controlled.

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 2023 and 2022:

	<i>Six months ended 30 June</i>			
	<i>2023</i>		<i>2022</i>	
	RMB'000	%	RMB'000	%
Heavy truck decorative components and parts	104,832	90.2	63,015	80.3
Passenger vehicle decorative components and parts	11,322	9.8	15,487	19.7
Total	116,154	100.0	78,502	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 RMB63 million for the six months ended 30 June 2022 to approximately RMB104.8 million for the six months ended 30 June 2023, representing an increase of approximately 66.4%. Due to the widespread use of heavy trucks in infrastructure construction and logistics industries, as well as the increase in export trade, the market demand for heavy trucks continued to increase.

Revenue from sales of passenger vehicle decorative components and parts

Revenue generated from sales of passenger vehicles' decorative components and parts decreased from approximately RMB15.5 million for the six months ended 30 June 2022 to approximately RMB11.3 million for the six months ended 30 June 2023, representing a decrease of approximately 26.9%. Such decrease was primarily due to that the Company did not mass produce the newly developed products, as the customer changed from outsourcing production to self-production.

FINANCIAL REVIEW

Revenue

Our revenue increased from approximately RMB78.5 million for the six months ended 30 June 2022 to approximately RMB116.2 million for the six months ended 30 June 2023, representing an increase of approximately 48.0%. Such increase was primarily due to an increase in the sales of decorative parts and components of heavy trucks.

Gross profit and gross profit margin

Our gross profit increased from approximately RMB11.3 million for the six months ended 30 June 2022 to approximately RMB23.8 million for the six months ended 30 June 2023, representing an increase of approximately 110.7%. The increase was consistent with the increase in revenue over the same period. Our overall gross profit margin increased from approximately 14.4% for the six months ended 30 June 2022 to approximately 20.5% for the six months ended 30 June 2023. Such increase was primarily due to the increase in gross profit margin of decorative parts and components of heavy trucks.

Other income

Our other income increased from approximately RMB0.8 million for the six months ended 30 June 2022 to approximately RMB1.1 million for the six months ended 30 June 2023, representing an increase of approximately 33.3%. Such increase was mainly due to (i) the increase of RMB0.15 million in revenue from sales of scrap in 2023 compared to 2022; (ii) the increase in RMB0.16 million of quality compensation confirmed in 2023 compared to 2022.

Selling expenses

Our selling expenses increased from approximately RMB3.3 million for the six months ended 30 June 2022 to approximately RMB4.5 million for the six months ended 30 June 2023, representing an increase of approximately 35.9%. Such increase was primarily due to the increase in other expenses relating to our business growth.

Administrative expenses

Our administrative expenses increased from approximately RMB17.0 million for the six months ended 30 June 2022 to approximately RMB17.4 million for the six months ended 30 June 2023, representing an increase of approximately 2.4%. Such increase was mainly due to the expenses incurred by management for supporting car business expansion.

Finance costs

Our finance costs decreased from approximately RMB5.0 million for the six months ended 30 June 2022 to approximately RMB4.7 million for the six months ended 30 June 2023, representing a decrease of approximately 7.2%. Such decrease was mainly attributable to the decrease in our weighted average balance of bank and other loans during the six months ended 30 June 2023.

Income tax

Our income tax credit amounted to approximately RMB0.4 million for the six months ended 30 June 2023 and the income tax credit accounted to approximately RMB2.1 million for the six months ended 30 June 2022. 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, our loss for the six months ended 30 June 2023 amounted to approximately RMB3.0 million, while the loss for the six months ended 30 June 2022 amounted to approximately RMB10.9 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 2023 and 31 December 2022, the Group had cash and cash equivalents of approximately RMB35.8 million and RMB78.5 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 decreased from approximately RMB130.5 million as at 31 December 2022 to approximately RMB110.5 million as at 30 June 2023. 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 RMB14.5 million (31 December 2022: approximately RMB25.0 million); and the secured bank and other loans in the amounts of approximately RMB96.0 million (31 December 2022: approximately RMB105.5 million) were secured by trade receivables and bills receivables, property, plant and equipment of the Group.

Gearing Ratio

The gearing ratio as at 31 December 2022 and 30 June 2023 were at 54.0% and 46.3%, 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> 30 June <i>2023</i> RMB'000	<i>As at</i> <i>31 December</i> <i>2022</i> RMB'000
Property, plant and equipment	96,414	108,174
Trade and bills receivables	5,500	21,590
	101,914	129,764

Capital Expenditure

As at 30 June 2023, the capital expenditures were approximately RMB7.06 million (six months ended 30 June 2022: approximately RMB14.8 million). The capital expenditures incurred for the six months ended 30 June 2023 were primarily related to the construction of new plants and the purchase of new machinery and equipment.

Capital Commitments

As at 30 June 2023, the capital commitments in respect of property, plant and equipment contracted for approximately RMB11.2 million (31 December 2022: approximately RMB10.0 million).

Contingent liabilities

As at 30 June 2023, the Group did not have any material contingent liabilities (31 December 2022: RMB 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 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 2023.

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 2023 (six months ended 30 June 2022: Nil).

EMPLOYEE AND REMUNERATION POLICIES

As of 30 June 2023, the Group had a total of 397 full time employees (30 June 2022: 382). For the six months ended 30 June 2023, the Group incurred total staff costs of approximately RMB20.9 million (six months ended 30 June 2022: 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 period ended 30 June 2023 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 are no important events affecting the Group which have occurred after the end of the financial period ended 30 June 2023 and up to the date of this announcement.

FUTURE PROSPECTS

Looking forward to the future, with the implementation of the policy of "One Belt, One Road", the level of the logistics industry will continue to rise. As an important component of the logistics industry, the market demand of heavy trucks is expected to continue to grow. 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.

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 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 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 2023.

PUBLICATION OF THE CONSOLIDATED INTERIM RESULTS AND 2023 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 and on the website of the Company at www.trqns.com and the interim report for the six months ended 30 June 2023 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 2023

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