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## 中國汽車內飾集團有限公司

### CHINA AUTOMOTIVE INTERIOR DECORATION HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0048)

### ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

The board of Directors (the “Board”) of China Automotive Interior Decoration Holdings Limited (the “Company”) is pleased to announce the following consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2024 together with the comparative figures for the preceding financial year ended 31 December 2023.

#### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
<b>Revenue</b>	5	<b>128,552</b>	113,673
Cost of sales		<u>(107,511)</u>	<u>(82,878)</u>
Gross profit		<b>21,041</b>	30,795
Other income, gains and losses, net	6	<b>822</b>	5,011
Selling and distribution costs		<b>(3,172)</b>	(3,837)
Share of result of associates		<b>120</b>	(2,837)
Net allowance for expected credit losses (“ECL”)		<b>(9,322)</b>	27,540
Administrative expenses		<u>(17,399)</u>	<u>(20,745)</u>
<b>(Loss)/profit from operations</b>	7	<b>(7,910)</b>	35,927
Finance costs	8	<u>(1,466)</u>	<u>(1,580)</u>
<b>(Loss)/profit before tax</b>	9	<b>(9,376)</b>	34,347
Income tax credit/(expense)		<u>36,755</u>	<u>(4,316)</u>
<b>Profit for the year attributable to the owners of the Company</b>		<u><b>27,379</b></u>	<u>30,031</u>

	<i>Note</i>	<b>2024</b> <b>RMB'000</b>	2023 <i>RMB'000</i>
<b>Profit for the year</b>		<b>27,379</b>	30,031
<b>Other comprehensive income/(expense) for the year, net of income tax:</b>			
<b>Item that will not be reclassified to profit or loss:</b>			
Exchange differences on translation from functional currency to presentation currency		<b>1,404</b>	1,985
<b>Item that may be reclassified subsequently to profit or loss:</b>			
Exchange differences on translating foreign operations		<b>(1,814)</b>	(1,552)
Reclassification adjustment for the cumulative exchange reserve included in profit or loss upon the deconsolidation		<b>(70)</b>	62
<b>Total other comprehensive income for the year</b>		<b>(480)</b>	495
<b>Total comprehensive income for the year attributable to the owners of the Company</b>		<b>26,899</b>	30,526
		<b>RMB</b>	<i>RMB</i>
<b>Earnings per share</b>			
Basic and diluted	<i>10</i>	<b>15.64 cents</b>	17.15 cents

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

		2024	2023
	<i>Notes</i>	<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>67,844</b>	19,010
Investment property		<b>3,421</b>	3,777
Right-of-use assets		<b>6,785</b>	6,323
Interests in associates		<b>6,105</b>	5,874
Prepayments for acquisition of property, plant and equipment		<b>217</b>	58,155
		<b>84,372</b>	93,139
<b>Current assets</b>			
Inventories		<b>17,709</b>	21,447
Trade and bills receivables	<i>12</i>	<b>56,249</b>	73,310
Prepayments, deposits and other receivables		<b>33,910</b>	24,127
Financial assets at fair value through profit or loss		<b>26,587</b>	27,368
Cash and bank balances		<b>49,419</b>	26,043
		<b>183,874</b>	172,295
<b>Total assets</b>		<b>268,246</b>	265,434
<b>EQUITY</b>			
<b>Capital and reserves attributable to the owners of the Company</b>			
Share capital	<i>14</i>	<b>3,643</b>	3,643
Reserves		<b>175,448</b>	148,549
<b>Total equity</b>		<b>179,091</b>	152,192

	<i>Note</i>	<b>2024</b> <b><i>RMB'000</i></b>	2023 <i>RMB'000</i>
<b>LIABILITIES</b>			
<b>Non-current liability</b>			
Bond payable		<b>2,855</b>	–
Lease liabilities		<b>2,674</b>	2,552
		<b>5,529</b>	2,552
<b>Current liabilities</b>			
Trade and bills payables	<i>13</i>	<b>39,812</b>	30,447
Accruals and other payables		<b>7,521</b>	12,580
Contract liabilities		<b>8,691</b>	3,133
Bank borrowings		<b>25,000</b>	25,000
Lease liabilities		<b>1,468</b>	2,020
Tax payable		<b>1,134</b>	37,510
		<b>83,626</b>	110,690
<b>Total liabilities</b>		<b>89,155</b>	113,242
<b>Total equity and liabilities</b>		<b>268,246</b>	265,434
<b>Net current assets</b>		<b>100,248</b>	61,605
<b>Total assets less current liabilities</b>		<b>184,620</b>	154,744
<b>Net assets</b>		<b>179,091</b>	152,192

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2024*

### 1. GENERAL INFORMATION

China Automotive Interior Decoration Holdings Limited (the “Company”) was a public limited company incorporated in Cayman Islands on 9 December 2009 as an exempted company with limited liability under the Companies Law (2000 Revision) of the Cayman Islands, and its shares are listed on The Stock Exchange of Hong Kong Limited. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report.

The principal activity of the Company is investment holding. The Group is principally engaged in the manufacture and sale of nonwoven fabric related products used in automotive interior decoration parts and other parts.

The Company’s functional currency is Hong Kong dollars (“HKD”). However, the consolidated financial statements are presented in Renminbi (“RMB”), as the directors of the Company consider that RMB is the functional currency of the primary economic environment in which most of the Group’s transactions are denominated and settled in and this presentation is more useful for its current and potential investors. The consolidated of financial statements are presented in thousands of Renminbi (“RMB’000”), unless otherwise stated.

### 2. APPLICATION OF AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

#### 2.1 Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendment to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangement

The application of the amendments to HKFRS Accounting Standards in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

## 2.2 New and amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

HKFRS 18	Presentation and Disclosure in Financial Statements <sup>3</sup>
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments <sup>2</sup>
Amendments to HKFRS 9 and HKFRS 7	Contracts referencing nature-dependent electricity <sup>2</sup>
Amendments to HKAS 28 and HKFRS 10	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>
Amendments to HKAS 21	Lack of Exchangeability <sup>1</sup>
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2025

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2026

<sup>3</sup> Effective for annual/reporting periods beginning on or after 1 January 2027

<sup>4</sup> No mandatory effective date yet determined but available for adoption

The Directors anticipate that the application of all other amendments to HKFRS Accounting Standards will not have material impact on the consolidated financial statements in the foreseeable future.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards, which is a collective term that includes all applicable individual HKFRS Accounting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the HKICPA, and accounting principles generally accepted in Hong Kong. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”) and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

## 4. SEGMENT INFORMATION

Information reported to the Directors being the chief operating decision maker (“CODM”), for the purposes of resource allocation and assessment of segment performance focuses on the types of goods delivered. Subsequent to the deconsolidation of Loyal Brands International Limited and its subsidiaries with effect from 1 January 2023, the Group has only one operating segment, which is the manufacture and sale of nonwoven fabric related products used in automotive interior decoration parts and other parts.

The Group’s operations have focused solely on a single reportable and operating segment dedicated to the manufacture and sale of nonwoven fabric-related products used in automotive interior decoration and other parts. Apart from the entity-wide disclosures, geographical information, and major customer data, no additional segment analysis is provided.

## Revenue from major products and services

Information about the Group's major products is set out in note 5.

## Geographical information

The Group's operations are mainly located in the PRC.

## Information about major customers

Details of the customers individually representing 10% or more of the Group's revenue are as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Customer A	14,756	11,929
Customer B	20,128	18,436
Customer C	*	11,707

\* The corresponding revenue did not contribute over 10% of the total revenue of the Group.

Except disclosed above, no other customers contributed 10% or more to the Group's revenue for both years.

## 5. REVENUE

The Group's revenue represents sales of nonwoven fabric related products used in automotive interior decoration parts and other parts.

An analysis of revenue by types of goods as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
<b>Nonwoven fabric related products for use in automotive interior decoration</b>		
– Sales of automotive floor carpets	86,262	88,766
– Sales of other automotive parts	42,290	24,907
Total revenue recognised at a point in time	<u>128,552</u>	<u>113,673</u>

All revenue contracts are for period of one year or less, as permitted by practical expedient under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

## 6. OTHER INCOME, GAINS AND LOSSES, NET

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Interest income	84	67
Fair value (loss)/gain on financial assets at FVTPL	(1,275)	6,917
Loss on disposal of subsidiaries	(306)	–
Loss on disposal of property, plant and equipment	(1,398)	(4,697)
Rental income	3,552	4,444
Loss on deconsolidation of subsidiaries	–	(6,470)
Others	165	4,750
	<u>822</u>	<u>5,011</u>

## 7. (LOSS)/PROFIT BEFORE TAX

The Group's (loss)/profit before tax is stated after charging/(crediting) the following:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Auditors' remuneration	385	452
Depreciation of property, plant and equipment	3,426	1,469
Depreciation of right-of-use assets	2,294	2,418
Depreciation of investment property	356	356
Expenses relating to short-term leases	820	137
Staff costs including directors' remuneration:		
– Salaries and allowances	8,601	11,355
– Retirement benefits scheme contributions	1,107	1,742
Cost of inventories recognised as cost of sales	107,511	82,878
Loss on disposal of property, plant and equipment	1,398	4,697
Loss on disposal of subsidiaries	306	–
Allowance/(reversal of allowance) for ECL on trade receivables	2,427	(26,446)
Allowance/(reversal of allowance) for ECL on other receivables	6,895	(1,094)
Provision for impairment on interests in associates	–	2,358
	<u>–</u>	<u>–</u>

## 8. FINANCE COSTS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Interest expenses on bank borrowings	1,247	1,293
Interest expenses on bond	77	–
Interest expenses on lease liabilities	142	287
	<u>1,466</u>	<u>1,580</u>

## 9. INCOME TAX CREDIT/(EXPENSE)

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
<b>Current tax</b>		
Hong Kong	–	–
PRC enterprise income tax (“EIT”)	<b>(1,398)</b>	(490)
Over-provision in prior years	<b>38,153</b>	–
	<u><b>36,755</b></u>	<u>(490)</u>
<b>Deferred tax</b>		
Charged to profit or loss	–	(3,826)
	<u><b>36,755</b></u>	<u>(4,316)</u>

Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands (“BVI”), the Group is not subject to any income tax in the Cayman Islands and BVI.

Under the two-tiered profits tax rates regime of Hong Kong Profit tax, the first HK\$2 million of assessable profits of qualifying group entities will be taxed at 8.25%, and assessable profits above HK\$2,000,000 will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5% (2023: 16.5%). Accordingly, the Hong Kong profits tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profit and at 16.5% on the estimated assessable profit above HK\$2 million.

No provision for taxation in Hong Kong is recognised as there is no assessable profit for the year ended 31 December 2024 (2023: Nil).

PRC EIT is calculated at the applicable rates based on estimated taxable income earned by the PRC subsidiary of the Group with certain tax preference, based on existing legislation, interpretation and practice in respect thereof.

Pursuant to EIT rules and regulations of the PRC, the applicable PRC EIT rate of the Group’s PRC subsidiaries for the years ended 31 December 2024 and 2023 is 25%.

According to the relevant announcements of income tax relief policy for small low-profit enterprises issued by the State Administration of Taxation, a lower EIT rate is applicable to small-scale enterprises with low profitability that meet certain conditions, pursuant to which, the subsidiaries qualified as small scale enterprises with assessable profits not over RMB3,000,000 are effectively taxable at 5% (i.e. 20% EIT rate on the 25% of the assessable profits) for the year ended 31 December 2024. For the year ended 31 December 2024, (i) the first RMB1,000,000 of assessable profits (the “1st Assessable Profits”) of these subsidiaries were effectively taxable at 2.5% (i.e. 20% EIT rate on 12.5% of the 1st Assessable Profits; and (ii) the remaining assessable profits not over RMB3,000,000 (the “Remaining Assessable Profits”) were taxable at 5% (i.e. 20% EIT rate on the 25% of the Remaining Assessable Profits). Certain of the Company’s subsidiaries have been designated as a small-scale enterprise.

Pursuant to the PRC law on EIT, 10% withholding income tax will be levied on foreign investors for dividend distribution from PRC enterprises’ profit earned after 1 January 2008. For qualified investors incorporated in Hong Kong, a treaty rate of 5% will be applied.

## 10. EARNINGS PER SHARE

### Basic earnings per share

The calculation of basic earnings per share amount is based on the profit for the year attributable to owners of the Company of approximately RMB27,379,000 (2023: approximately RMB30,031,000) and the weighted average number of ordinary shares of 175,115,104 (2023: 175,115,104) in issue during the year.

### Diluted earnings per share

For the years ended 31 December 2024 and 2023, diluted earnings per share is the same as the basic earnings per share because the exercise price of the Company's outstanding share options was higher than the average market price for shares.

## 11. DIVIDEND

The directors do not recommend the payments of any dividend in respect of the year ended 31 December 2024 (2023: nil).

## 12. TRADE AND BILLS RECEIVABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade receivables	71,205	83,270
Less: allowance for ECL	<u>(15,543)</u>	<u>(13,116)</u>
	55,662	70,154
Bills receivables	<u>587</u>	<u>3,156</u>
	<u><u>56,249</u></u>	<u><u>73,310</u></u>

The ageing analysis of trade receivables, based on the invoice date, net of allowance for ECL, is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
0 to 90 days	51,845	55,634
91 to 180 days	2,812	5,229
181 to 365 days	<u>1,005</u>	<u>9,291</u>
	<u><u>55,662</u></u>	<u><u>70,154</u></u>

The Group's trading terms with customers are mainly on credit. The credit terms generally ranging from 30 days to 120 days, depending on the creditworthiness of customers and the existing relationship with the Group. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest bearing.

### 13. TRADE AND BILLS PAYABLES

The ageing analysis of trade and bills payables, based on the invoice dates, is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
0 to 90 days	25,928	14,791
91 to 180 days	1,936	3,744
181 to 365 days	235	423
Over 365 days	11,713	11,489
	<u>39,812</u>	<u>30,447</u>

Trade payables generally have credit terms ranging from 10 days to 60 days.

Bill payables relate to trade payables in which the Group has been offered by main suppliers to settle purchase of goods with bills payables. Before bills payables expired, the Group continues to recognise these obligations to suppliers as the Group is obliged to make payments only on due dates of the bills, under the same conditions as agreed with the suppliers without further extension. During the year ended 31 December 2024, the supplier finance arrangements totally approximately RMB2,200,000.

At 31 December 2024, trade payables are denominated in RMB and HKD of approximately RMB39,338,000 and RMB474,000 (2023: RMB29,982,000 and RMB465,000) respectively.

### 14. SHARE CAPITAL

	Number of shares	Amount <i>HK\$'000</i>	Amount <i>RMB'000</i>
<b>Authorised:</b>			
<b>Ordinary shares of HK\$0.025 each</b>			
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	<u>40,000,000,000</u>	<u>1,000,000</u>	<u>863,495</u>
<b>Issued and fully paid:</b>			
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	<u>175,115,104</u>	<u>4,378</u>	<u>3,643</u>

### 15. EVENTS AFTER REPORTING PERIOD

There was no significant event after year ended 31 December 2024 and up to the date of this announcement.

## **EXTRACT OF THE INDEPENDENT AUDITOR’S REPORT**

The following is the extract of the independent auditor’s report from the Company’s auditor on the Group’s consolidated financial statements for the year ended 31 December 2024:

### **BASIS FOR QUALIFIED OPINION**

#### **Limitation of scope – deconsolidation of subsidiaries**

As disclosed in the “Basis for Disclaimer of Opinion” section of the auditor’s report of the auditor of the consolidated financial statements of the Group for the financial year ended 31 December 2023 (the “Predecessor Auditors”) and in note to the consolidated financial statements:

- In November 2023, the board of directors of the Company (the “Board”) was informed by Mr. Wong Ho Yin (“Mr. Wong”), the former director of the Company who resigned as the executive director of the Company on 18 October 2023, that the business and accounting books and records of Loyal Brands International Limited and its subsidiaries, including Grand York Limited, Giant Faith Holdings Limited, 深圳文嘉勝商貿有限公司 and 深圳隆信堂食品有限公司 (the “Loyal Brands Group”), including but not limited to sales invoice, purchase invoice, accounting ledger and vouchers, were unable to be located. The Board has also tried to contact the person-in charge of Loyal Brands Group (the “Responsible Staff”) through Mr. Wong, but he was unable to (i) contact the Responsible Staff and (ii) obtain the accounting books and records of Loyal Brands Group.
- On 27 December 2023, Mr. Ng Chung Ho (“Mr. Ng”) was appointed as an executive director of the Company. Mr. Ng had thoroughly searched all the files and documents kept in the office in Hong Kong and was unable to locate any business and accounting books and records for Loyal Brands Group. Mr. Ng also tried to contact the Responsible Staff but was unable to obtain positive response or cooperation. Mr. Ng further contacted the director of Loyal Brands Group, but the director of Loyal Brands Group replied that he did not possess any accounting books and records of Loyal Brands Group.
- In light of the above circumstances, the Group considered it had lost control over Loyal Brand Group and had excluded the consolidated financial position of Loyal Brand Group as at and after and the results and cash flows of Loyal Brand Group since 1 January 2023 from the consolidated financial statements of the Group for the year ended 31 December 2023 (the “Deconsolidation”).

Due to the insufficient supporting documents and relevant explanations on (i) the accounting books and records in respect of Loyal Brand Group and its operations (ii) the Deconsolidation, the Predecessor Auditors were unable to obtain sufficient appropriate audit evidence to satisfy themselves as to whether (i) the Deconsolidation of Loyal Brand Group on 1 January 2023 and the loss on Deconsolidation of approximately RMB6,470,000; (ii) the income and expenses for the years ended 31 December 2023; (iii) the assets and liabilities as at 31 December 2023; and (iv) the segment information and other related disclosure notes in relation to the Group, as included in the consolidated financial statements of the Group for the year ended 31 December 2023, have been accurately recorded and properly accounted for in the consolidated financial statements.

On 14 March 2024 (the “Disposal Date”), the Group disposed of all its equity interest in the Loyal Brands Group to an independent third party for HK\$1,000,000 (equivalents to RMB916,000) and recorded gain on disposal of Loyal Brand Group of approximately RMB916,000 in the consolidated financial statements for the year ended 31 December 2024. In the opinion of the Directors, the Loyal Brands Group was not material or significant to the operations of the Group as a whole.

Any adjustments to the financial statement items described above might have a consequential effect on the Group’s consolidated financial performance and consolidated cash flow for the year ended 31 December 2023, the consolidated financial position of the Group as at 31 December 2023 and the related disclosures thereof in the consolidated financial statements.

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Group is principally engaged in the manufacture and sale of nonwoven fabric related products used in automotive interior decoration parts and other parts during the year ended 31 December 2024. The Group deploys financial resource to securities investment to achieve earnings in the form of capital appreciation and income from dividends. The Group also taps into the business of financial services through the investment in a securities house.

#### **Manufacture and sale of nonwoven fabric related products**

Manufacture and sale of nonwoven fabric related products is one of the principal business of the Group. The Group manufactures its products with single layer or multiple layers of nonwoven fabric in accordance with specific requirements and standards of different customers. Most of the customers of nonwoven fabric related products are primary manufacturers and suppliers of automotive parts in the PRC. The majority of the Group's products are further processed by these customers in order to make different automotive parts such as floor, head lining, seat cover, parcel tray, trunk, luggage-side trim, hubcap and car-mat, which are of different characteristics and are to be applied for different usages in passenger vehicles.

According to the information released from China Association of Automobile Manufacturers ("CAAM"), the production and sales of passenger vehicles in the PRC were approximately 27,470,000 units and 27,560,000 units respectively for the year ended 31 December 2024, representing an increase of approximately 5.2% and 5.8%. These growth in passenger vehicles market resulted in a stable demand for automotive materials of the Group during 2024.

In 2021, the Group set up new production lines in Jilin Province, the PRC for the supply of the automotive components (the "Automotive Components") to a components supplier of an automotive manufacturer under the brand "FAW Toyota".

Since the relocation of production lines to Cangzhou and Chengdu and the diversification to supply of the Automotive Components in Jilin during 2022, the Group would paid to the suppliers of plant and equipment as prepayments for upgrading the existing production lines (such as modifying and replacing accessories of the production facilities and equipment) for perfection of production, acquiring new production facilities and equipment. At 31 December 2024, the prepayments for acquisition of property, plant and equipment during 2023 was substantially utilized.

In order to secure a stable supply of raw material at favourable price or terms in a timely manner, it was usual course of the business in automotive industry to provide deposits to suppliers. The trade deposits would be subsequent utilized.

## Discontinued operation

After COVID-19 pandemic, the Group adopted strategies to exit the business which is loss-making and with unpromising prospect. The Group diversified into the business of trading of food products since 2016. The business of trading of food products incurred losses for years and did not generated any income in 2023. Its revenue in 2022 and 2021 just accounted for 4.12% and 5.75% of the Group's revenue respectively and became side business of the Group. In view of the loss-making record and no relevant personnel within the Group is able to manage this business, the Group disposed the business to reduce the risk of the Group during the first quarter of 2024.

## Interests in associates

The Company through a joint venture company indirectly hold 42% of the equity interest in GEO Securities Limited ("GEO Securities") and classified as "interests in associates". GEO Securities has the licenses to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (Asset Management) regulated activities under the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong) in Hong Kong. The Group shared a profit of associates of approximately RMB120,000 for the year ended 31 December 2024.

## FINANCIAL REVIEW

### Revenue

The Group's revenue for the years ended 31 December 2024 and 2023 was illustrated as follows:

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Nonwoven fabric related products for use in automobiles		
– Sales of automotive floor carpets	86,262	88,766
– Sales of other automotive parts	42,290	24,907
	<u>128,552</u>	<u>113,673</u>

For the year ended 31 December 2024, the Group's revenue increased to approximately RMB128.6 million, compared to approximately RMB113.7 million in 2023, representing an increase of approximately 13.1%.

### Gross profit

As a result of increasing competition in the automotive industry, for the year ended 31 December 2024, the Group's gross profit decrease by approximately RMB9.8 million to approximately RMB21.0 million.

## **Other income, gains and losses, net**

For the year ended 31 December 2024, the Group's other income, gains and losses, net changed from a gain of approximately RMB5.0 million in 2023 to approximately RMB0.8 million in 2024. It was mainly due to fair value loss on financial assets at fair value through profit or loss ("FVTPL") of approximately RMB1.3 million in 2024, as compared to a fair value gain on FVTPL of approximately RMB6.3 million in 2023. Further information of the financial assets at FVTPL are disclosed in the "Significant Investments" section below.

## **Administrative expenses**

The Group's administrative expenses decreased by approximately RMB3.3 million to approximately RMB17.4 million for the year ended 31 December 2024, which mainly due to decrease in employee benefits expenses. The Group's administrative expenses mainly consist of employee benefits expenses including Director's emoluments and staff costs of approximately RMB9.7 million (2023: RMB13.1 million) and depreciation of right-of-use assets of approximately RMB2.3 million (2023: RMB2.4 million).

## **Profit attributable to the owners of the Company**

The profit attributable to the owners of the Company was approximately RMB26.9 million for the year ended 31 December 2024 (2023: RMB30.5 million). The changes are primarily attributable to recognition of net allowance for expected credit losses of approximately RMB9.3 million and over-provision in profit tax of approximately RMB38.1 million during the year ended 31 December 2024.

## **PROSPECT AND OUTLOOK**

The Board expects that 2025 will still be a challenging year for the business of manufacturing and sale of nonwoven fabric related products as the continuously increase in production costs for maintaining competitiveness and enhancing safety requirements to cope with the development of the automotive industry.

To maintain competitiveness, the Group will still deploy its resources on:

- (1) upgrading the production lines in order to improve the production efficiency;
- (2) installing new machineries to suit the customers' varying requirements and demands on high-end products;
- (3) conducting research and development to keep up with the latest technological trends in relation to product specifications; and
- (4) strengthening the quality control systems to retain customer loyalty and reinforce the Group's reputation in the nonwoven fabric related products industry in the PRC.

In addition, the Group will continue to adopt a prudent approach to manage its money lending business and on the other hands to seek for opportunities to expand this operation.

Going forward, with a view to achieving better return and enhancing the expansion of the Group, the Group will look for potential investment opportunities to diversify its business scope.

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group generally financed its operations by internal cash resources and bank financing during 2024. At 31 December 2024, cash and bank balances of the Group amounted to approximately RMB49.4 million (2023: RMB26.0 million), and approximately RMB11.5 million (2023: RMB10.3 million) of which are denominated in Hong Kong dollars and United States dollars.

At 31 December 2024, the Group's liquidity ratio, represented by the ratio of current assets over current liabilities, and gearing ratio, represented by the ratio of total liabilities to total assets, were 2.20 (2023: 1.56) and 0.33 (2023: 0.43) respectively.

## **CAPITAL STRUCTURE**

There has been no material change in the capital structure of the Group during the year 31 December 2024.

## **FOREIGN EXCHANGE EXPOSURE**

Majority of the assets and liabilities of the Group were denominated in Renminbi, United States dollars and Hong Kong dollars. At 31 December 2024, the Group had no significant exposure under foreign exchange contracts, interest, currency swaps or other financial derivatives.

## **SIGNIFICANT INVESTMENTS**

At 31 December 2024, the Group held (i) approximately 8.0 million shares (approximately 1.9%) of China Investment and Finance Group Limited ("CI"), (ii) approximately 5.8 million shares (approximately 1.7%) of Hao Wen Holdings Limited ("HW"), (iii) approximately 6.4 million shares (approximately 2.1%) of WMHW Holdings Limited ("WH"), (iv) approximately 22.8 million shares (approximately 2.6%) of Wealth Glory Holdings Limited ("WG"), (v) approximately 11.0 million shares (approximately 4.8%) of Lerado Financial Group Company Limited ("LF") and (vi) approximately 4.5 million shares (approximately 1.8%) of Tai Kam Holdings Limited ("TK"). CI, HW, WH, WG, LF and TK were the companies listed on the Hong Kong Stock Exchange. CI is principally engaged in investment holding and trading of securities. HW is primarily engaged in the money lending and processing and trading of electronic parts. WH is principally engaged in the provision of civil engineering works and investment holding. WG is principally engaged in trading of natural resources and commodities; money lending business; development and promotion of brands, design, manufacture and sale of trendy fashion merchandises and other consumer products; and investment in securities. LF is principally engaged in providing financial services including securities broking, margin financing and money lending etc., as well as manufacturing and distributing children plastic toys and medical care products. TK is principally engaged in undertaking site formation works and renovation works in Hong Kong.

The Group's investment in CI, HW, WH, WG, LF and TK were collectively referred to as the "Significant Investments".

Detail of the Significant Investments are as follows:

	<b>Year ended 31 December 2024</b>	<b>At 31 December 2024</b>		<b>At 31 December 2023</b>
	<b>Fair Value gain/(loss) RMB'000 (Audited)</b>	<b>Fair Value RMB'000 (Audited)</b>	<b>Approximate percentage to the total assets (Audited)</b>	<b>Fair Value RMB'000 (Audited)</b>
CI	<b>1,900</b>	<b>10,037</b>	<b>3.7%</b>	7,762
HW	<b>2,461</b>	<b>3,781</b>	<b>1.4%</b>	1,192
WH	<b>1,143</b>	<b>1,907</b>	<b>0.7%</b>	726
WG	<b>(1,462)</b>	<b>1,725</b>	<b>0.6%</b>	3,109
LF	<b>(1,098)</b>	<b>1,675</b>	<b>0.6%</b>	2,700
TK	<b>(635)</b>	<b>1,437</b>	<b>0.5%</b>	2,011

At 31 December 2024, the financial assets at FVTPL comprised 17 listed equity securities in Hong Kong and except the above, there was no investment held by the Group which value was more than 1% of the total assets of the Group.

Looking ahead, the value of the Significant Investments may be susceptible to the overall equity market conditions.

#### **MATERIAL ACQUISITIONS OR DISPOSALS**

There was no material acquisitions or disposal of subsidiaries and affiliated companies by the Group for the year ended 31 December 2024.

#### **PLEDGE ON ASSETS**

At 31 December 2024, the Group's investment property with a carrying amounts of approximately RMB3.4 million (2023: RMB3.8 million) and leasehold land with a carrying amounts of approximately RMB2.1 million (2023: RMB2.2 million) were pledged to banks for bank borrowings.

#### **DIRECTORS' SERVICE CONTRACTS**

None of the Directors, including those proposed for re-election at the forthcoming annual general meeting, has a service agreement which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

## **DIRECTOR’S INTEREST IN COMPETING INTERESTS**

The Directors are not aware of any business or interest of the Directors, the controlling shareholder and their respective associates (as defined under the Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group during the year.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the year.

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix C3 to the Listing Rules. Having made specific enquiry with all Directors, the Company confirmed that all Directors have complied with the code of conduct and the required standard of dealings concerning securities transactions by the Directors during the year.

## **CORPORATE GOVERNANCE PRACTICES**

The Company is committed to maintaining high standards of corporate governance to protect the interests of the shareholders of the Company. The Company’s corporate governance practices are based on principles and code provisions as set out in the Corporate Governance Code (“Code”) in Appendix C1 to the Listing Rules.

Except for the following deviations, the Company complied with the Code for the year ended 31 December 2024.

### **Code provision C.2.1**

Code provision C.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Zhuang Yuejin is the Chairman and the Chief Executive Officer of the Company. Such deviation from Code provision C.2.1 is deemed appropriate as it is considered to be more efficient to have one single person as the Chairman of the Company as well as to discharge the executive functions of a chief executive officer, and it provides the Group with strong and consistent leadership in the development and execution of long term business strategies. The Board believes that the balance of power and authority is adequately ensured by the operations of the Board which comprises highly experienced individuals. There are three independent non-executive Directors on the Board. All of them possess adequate independence and therefore the Board considers the Company has achieved balance and provided sufficient protection of its interests.

### **Rules 3.10, 3.21, 3.25 and 3.27A of the Listing Rules**

On 3 June 2024, Mr. Mak Wai Ho (“Mr. Mak”) retired as the independent non-executive Director and ceased to be the chairman of the audit committee (the “Audit Committee”) of the Company, the chairman of the remuneration committee (the “Remuneration Committee”) of the Company and the member of the nomination committee (the “Nomination Committee”). Following the retirement of Mr. Mak, the Board comprised only two independent non-executive Directors and failed to meet the requirements of (i) at least three independent non-executive directors on the Board and at least one of them shall possess appropriate professional qualifications or accounting or related financial management expertise under Rules 3.10(1) and 3.10(2) of the Listing Rules; (ii) the Audit Committee comprising only non-executive directors with a minimum of three members under Rule 3.21 of the Listing Rules; (iii) the Remuneration Committee comprising a majority of independent non-executive directors under Rule 3.25 of the Listing Rules; and (iv) the Nomination Committee comprising a majority of independent non-executive directors under Rule 3.27A of the Listing Rules.

Following the appointment of Mr. Yuen Wai Keung as an independent non-executive Director, the chairman of Audit Committee, the chairman of Remuneration Committee and a member of Nomination Committee, with effect from 15 July 2024, the Company has re-complied with Rules 3.10, 3.21, 3.25 and 3.27A of the Listing Rules.

### **AUDIT COMMITTEE**

The Company established the Audit Committee on 13 September 2010 with written terms of reference in compliance with the Listing Rules. At 31 December 2024, the Audit Committee comprises three independent non-executive Directors, namely Mr. Yuen Wai Keung (chairman of the Audit Committee), Ms. Ng Li La, Adeline and Ms. Zhu Chunyan.

### **EVENTS AFTER THE REPORTING PERIOD**

There were no significant events after the year ended 31 December 2024 and up to the date of this announcement.

### **SCOPE OF WORK OF THE COMPANY’S AUDITOR**

The figures above in the preliminary announcement of the Group’s result for the year ended 31 December 2024 have been agreed with the Company’s auditor, Infinity CPA Limited (“Infinity CPA”), to the amounts set out in the Group’s consolidated financial statements for the year.

The work performed by Infinity CPA did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Infinity CPA on the preliminary announcement.

## **PUBLICATION OF 2024 ANNUAL RESULTS AND 2024 ANNUAL REPORT**

The Audit Committee has reviewed the audited consolidated financial statements of the Company for the year ended 31 December 2024 and also reviewed the accounting principles and practices adopted by the Group and discussed financial reporting matters. Other members of the Board who are not in the Audit Committee have also reviewed the audited consolidated financial statements of the Company for the year ended 31 December 2024 and are satisfied with the contents thereof.

The annual report of the Company for the year ended 31 December 2024 will be dispatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 26 March 2025

*As at the date hereof, the executive Directors are Mr. Zhuang Yuejin, Mr. Ng Chung Ho and Ms. Xiao Suni, and the independent non-executive Directors are Mr. Yuen Wai Keung, Ms. Ng Li La, Adeline and Ms. Zhu Chunyan.*