

IPO FACT SHEET
China Tianrui Automotive Interiors Co., Ltd (6162 HK)
ISSUE STATISTICS

Offer Size:	HK\$125m – HK\$155m
Placement Tranche:	500m
Price:	HK\$0.25 – HK\$0.31
Board lot:	8,000
Entry fee:	HK\$ 2,504.99
Historical PE	12.6x – 15.7x
Net tangible asset per share:	HK\$ 0.11 – HK\$ 0.12
Market Cap (post-IPO):	HK\$500m – HK\$620m
Open:	31 Dec 2018
Close:	12.00 noon on 4 Jan 2019
Trading:	15 Jan 2019
Sponsor:	Innovax Capital Limited

Year ended 31 Dec	(RMB'000)	yoy % chg
Revenue		
2016	120,897	27.1%
2017	241,659	99.9%
Profit attributable to equity shareholders of the Company for the year/period		
2016	24,981	20.5%
2017	35,055	40.3%

BACKGROUND

- The Group is one of the leading manufacturers of heavy truck interior decorative products in the PRC.
- According to the Frost & Sullivan Report, it was the largest manufacturer of heavy truck interior decorative products in North West China with a market share of 62.7% in 2017 and the third largest manufacturer in the PRC with a market share of 10.8% in 2017 both in terms of sales value of heavy truck interior decorative products.
- Its 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.
- Its quality management system of the production process meets the requirements of the ISO/TS 16949 standard which is recognized internationally for the design, development and production of automotive-related products.

BUSINESS STRATEGY AND FUTURE PLANS

- To increase its production capacity, product quality and efficiency
- To expand its research and development center and enhance its product development capabilities and technologies.
- To enhance its market penetration and broaden its product offerings.
- To increase its market shares in North West China and the surrounding regions by establishing new offices and warehouses and strengthening its customer service.
- To optimize and upgrade its information systems.

COMPETITIVE STRENGTHS

- The largest heavy truck interior decorative components and parts manufacturer in North West China with a market-leading position.
- Strategic location provides it with access to a number of automotive assembly plants, favorable policies in Xi'an, Shaanxi Province and opportunities from regional market growth in North West China.
- Research and development capabilities allow it to design and develop new products for its customers and establish strong relationships with its customers.

- Production capabilities enable it to offer a wide range of products to its customers.
- Quality control system meets internationally recognized standards for maintaining the product quality of its products and support services.
- Experienced and dedicated senior management team.

KEY RISKS

- Any decrease or loss of business with any of its top customers could materially and adversely affect business, financial condition and results of operations.
- The Group relies on its reputation within the automotive interior decorative products industry which can be adversely affected by negative publicity.
- It may not be able to sustain the growth of revenue and profitability that it experienced during the Track Record Period.
- The Group derives its revenue from contracts awarded through competitive tendering, it cannot guarantee that it can successfully renew its existing contracts upon expiry or secure new contracts.
- Any substantial shortage of or increase in prices for raw materials used in manufacturing its products may materially and adversely affect operations, margins and profitability.
- Increase in labor costs and labor shortages could materially and adversely impact operations, margins and profitability.

DIVIDEND POLICY

- No fixed dividend policy.

USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation (%)
For improving its production capabilities and capacity for production	41.1	42.3%
For partial repayment of its bank loans	17.0	17.5%
For enhancing its research and development capabilities including product development capabilities and technologies for production	14.1	14.5%
For improving and widening its product offerings	10.5	10.8%
For establishing new offices and warehouses including the hiring of new salespersons and optimizing and upgrading its information systems	4.6	4.8%
Used as general working capital of the Group	9.8	10.1%
Total:	97.1	100.0%

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