

# TARGET

## Intelligence Report

VOLUME XXIII No. 133

T U E S D A Y

June 22, 2021

### **CHINA AUTOMOTIVE INTERIOR DECORATION HOLDINGS LTD: LOSSES, AND LOSSES, AND, LOSSES, AND EVEN MORE LOSSES**

For the Financial Year, ended December 31, 2020, China Automotive Interior Decoration Holdings Ltd (中國汽車內飾集團有限公司) (Code: 48, Main Board, The Stock Exchange of Hongkong Ltd) recorded its lowest level of Revenue, going back to the 2015 Financial Year ... or earlier.

In addition, in respect of the 2020 Financial Year, the Net Loss Attributable to Shareholders came in at 3,890,000 renminbi (about \$HK4,718,764.50), the fifth consecutive Year that the Company has recorded Net Losses Attributable to Shareholders.

The business of China Automotive Interior Decoration Holdings Ltd is said to be a Hongkong-based company, principally engaged in the manufacture and sales of products for automotive interior decoration.

The Company operates through two segments:

1. The Nonwoven Fabric Products segment is engaged in the manufacture and sales of nonwoven fabric products, used in automotive interior decoration parts and other parts; and,
2. The Supply and Procurement Operation segment is engaged in the trading of rubber and garment accessories. The products, derived therefrom, have the ability to be used for automotive floor carpet materials, head-lining carpet materials, seat cover carpet materials and parcel tray carpet materials, among others.

The Company is said, also, to trade in food products.

In addition to the aforementioned, the Company, also, has a 42-percent equity interest in GEO Securities Ltd (智易東方證券有限公司). The equity interest in GEO Securities Ltd is classified as being an associated company of China Automotive Interior Decoration Holdings Ltd.

GEO Securities Ltd defines its operations in the following manner:

*‘Geo Securities Ltd is based in Hong Kong and a licensed corporation registered with Hong Kong Securities and Future Commission, under SFO Chapter 571, BAI, with licenses type 1, 4 and 9. We provide trading in listed securities, investment advice to clients, and asset management services.’*

At Page Five of the 2020 Annual Report of China Automotive Interior Decoration Holdings Ltd, under the heading, **‘Placing of convertible bonds’**, one was told:

*‘On 18 June 2020, the Company entered into a placing agreement with a placing agent pursuant to which it agreed to procure independent placees to subscribe for the convertible bonds with an aggregate principal amount of HK\$5,971,968 (the “2020 CB”) issued by the Company (the “Placing”). On 7 July 2020, the Placing was completed. Net proceeds from the Placing was approximately HK\$5.8 million (the “Net Proceeds”) which was intended to be used for the general working capital of the Group and repayment of existing liabilities. At 31 December 2020, the Net Proceeds were fully utilized as to (i) approximately HK\$2.5 million for the repayment of the then existing corporate liabilities; and (ii) approximately HK\$3.3 million for general working capital of the Group.’*

At Pages Six and Seven of 2020 Annual Report of the Company, under the sub-heading, **‘Revenue’**, shareholders were apprised of the following:

*‘The Group’s revenue for the years ended 31 December 2020 and 2019 was illustrated as follows:*

	<b><i>For the Year ended December 31</i></b>	
	<b><i>2020</i></b>	<b><i>2019</i></b>
	<b><i><u>RMB’000</u></i></b>	<b><i><u>RMB’000</u></i></b>
<i>Nonwoven fabric us in automobiles</i>		
<i>- Sales of automotive floor carpets</i>	<i>40,027</i>	<i>69,201</i>
<i>- Sales of other automotive parts</i>	<i>68,668</i>	<i>114,834</i>
<i>- Sales of rubber</i>	<i>8,366</i>	<i>1,844</i>
<i>- Sales of food products</i>	<i>24,565</i>	<i>75,017</i>
	<b><i><u>141,626</u></i></b>	<b><i><u>260,896</u></i></b>

*‘For the year ended 31 December 2020, the Group’s revenue decreased to approximately RMB141.6 million, compared to approximately RMB260.9 million in 2019, representing a decrease of approximately 45.7%. The decrease in the Group’s revenue was mainly attributable to the decrease in revenue of manufacturing and sale of nonwoven fabric products and trading of food products which (sic) affected by the COVID-19 pandemic.’*

With regard to the Company’s customers, Page 29 of the 2020 Annual Report makes the following statement, under the sub-heading, **‘MAJOR CUSTOMERS AND SUPPLIERS’**:

*‘In the (2020) year, sales to the Group’s five largest customers in aggregate accounted for approximately 36.3% (2019: 47.4%) of the total*

*sales for the year and sales to the largest customer accounted for approximately 11.3% (2019: 15.4%) of total sales. Purchases from the Group's five largest suppliers in aggregate accounted for approximately 31.2% (2019: 43%) of total purchases for the year and purchases from the largest supplier accounted for approximately 15.7% (2019: 20%) of total purchases.'*

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