SMP Automotive Interiors (Beijing) Co., Ltd.

Illustrative Audited Financial Statements

Year ended 31 December 2019

CONTENTS

AUDITOR'S REPORT

Ernst & Young Hua Ming (2020) Shen Zi No.61372682_E02
SMP Automotive Interiors (Beijing) Co., Ltd.

To the board of directors of SMP Automotive Interiors (Beijing) Co., Ltd.

(I) Opinion

We have audited the financial statements of SMP Automotive Interiors (Beijing) Co., Ltd. (the "Company"), which comprise the consolidated and company balance sheets as at 31 December 2019, and the consolidated and company income statements, the consolidated and company statements of changes in equity and the consolidated and company statements of cash flows for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and the Company's financial position as at 31 December 2019, and the consolidated and the Company's financial performance and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises ("ASBEs").

(II) Basis for opinion

We conducted our audit in accordance with China Standards on Auditing ("CSAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with *China Code of Ethics for Certified Public 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 opinion.

(III) Responsibilities of the management and those charged with governance for the financial statements

The management of the Company is responsible for the preparation and fair presentation of the financial statements in accordance with ASBEs, and for designing, implementing and maintaining such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

(IV) Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are generally considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with CSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.

(3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

(4) Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

(5) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

AUDITOR'S REPORT (continued)

Ernst & Young Hua Ming (2020) Shen Zi No.61372682_E02
SMP Automotive Interiors (Beijing) Co., Ltd.

Ernst & Young Hua Ming LLP Dalian Branch

Chinese Certified Public Accountant: Carol Zhou

Chinese Certified Public Accountant: Loulou Liu

Dalian, the People's Republic of China

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SMP Automotive Interiors (Beijing) Co., Ltd.
COMPANY BALANCE SHEET
Year ended 31 December 2019 **Expressed in Renminbi Yuan**

ASSETS	**Note V**	**31 December 2019**	**31 December 2018**
Current assets			
Currency funds	1	52,703,078.12	29,610,742.82
Financial assets at fair value through profit or loss		-	201,685.77
Accounts receivable	2	49,285,653.95	42,565,346.00
Prepayments	3	8,273,210.41	3,299,576.99
Other receivables	4	3,775,668.75	6,751,712.98
Inventories	5	23,959,658.83	25,136,992.03
Current portion of non-current assets	6	17,757,274.88	13,599,609.00
Other current assets		952,455.59	1,475,286.16
Total current assets		156,707,000.53	122,640,951.75
Non-current assets			
Long-term receivables	6	33,708,891.91	57,468,506.22
Fixed assets	7	28,183,178.13	39,226,619.62
Construction in progress		22,831.87	-
Intangible assets	8	4,077,963.14	4,572,619.48
Long-term prepaid expenses	9	5,134,206.37	2,791,522.71
Deferred tax assets	10	1,827,787.13	1,113,455.05
Total non-current assets		72,954,858.55	105,172,723.08
Total assets		229,661,859.08	227,813,674.83

The accompanying notes to financial statements form an integral part of these financial statements.

Year ended 31 December 2019 Expressed in Renminbi Yuan

LIABILITIES AND EQUITY	Note V	31 December 2019	31 December 2018
Current liabilities			
Short-term borrowings		-	25,433,552.93
Accounts payable		101,999,951.64	101,841,704.72
Employee benefits payable	11	7,267,328.59	5,776,702.52
Taxes and surcharges payable	12	4,690,293.46	3,858,720.40
Other payables		2,544,501.18	6,595,565.72
Total current liabilities		116,502,074.87	143,506,246.29
Total liabilities		116,502,074.87	143,506,246.29
Equity			
Paid-in capital	13	42,510,280.00	42,510,280.00
Surplus reserve	14	10,564,950.42	4,179,714.85
Unappropriated profit	15	60,084,553.79	37,617,433.69
Total equity		113,159,784.21	84,307,428.54
Total liabilities and equity		229,661,859.08	227,813,674.83

The financial statements have been signed by:

Legal representative: Financial controller: Accounting supervisor:

The accompanying notes to financial statements form an integral part of these financial statements.

SMP Automotive Interiors (Beijing) Co., Ltd.
COMPANY INCOME STATEMENT
Year ended 31 December 2019 **Expressed in Renminbi Yuan**

	Note V	31 December 2019	31 December 2018
Revenue	16	755,741,716.87	727,282,624.12
Less: Cost of sales		623,831,186.46	597,644,386.88
Taxes and surcharges		2,686,826.68	5,032,402.85
Selling expenses		7,705.59	248,579.32
Administrative expenses		21,006,903.91	20,274,612.09
Research and development expenses		24,218,923.64	22,353,865.04
Finance expenses	17	5,843,082.82	8,091,888.49
Including: Interest expenses		5,942,741.68	9,463,263.65
Interest income		873,247.83	1,793,143.00
Add: Other income		14,500.00	57,212.19
Profit or loss arising from changes in fair value		(201,685.77)	201,685.77
Operating profit		77,959,902.00	73,895,787.41
Add: Non-operating income		-	29,993.29
Profit before income taxes		77,959,902.00	73,925,780.70
Less: Income tax expenses	19	14,107,546.33	8,454,669.84
Profit		63,852,355.67	65,471,110.86
Classified by continuity of operations			
Profit from continuing operations		63,852,355.67	65,471,110.86
Total comprehensive income		63,852,355.67	65,471,110.86

The accompanying notes to financial statements form an integral part of these financial statements

Year ended 31 December 2019 Expressed in Renminbi Yuan

2019

		Paid in capital	Surplus reserve	Unappropriated profit	Total equity
I.	Balance at beginning of year	42,510,280.00	4,179,714.85	37,617,433.69	84,307,428.54
II.	Changes for the year				
1.	Total comprehensive income	-	-	63,852,355.67	63,852,355.67
2.	Profit distribution				
(1)	Appropriation to surplus reserves	-	6,385,235.57	(6,385,235.57)	-
(2)	Distribution to owners	-	-	(35,000,000.00)	(35,000,000.00)
III.	Balance at end of year	42,510,280.00	10,564,950.42	60,084,553.79	113,159,784.21

2018

		Paid in capital	Surplus reserve	Unappropriated profit	Total equity
I.	Balance at beginning of year	42,510,280.00	-	(23,673,962.32)	18,836,317.68
II.	Changes for the year				
1.	Total comprehensive income	-	-	65,471,110.86	65,471,110.86
2.	Profit distribution				
(1)	Appropriation to surplus reserves	-	4,179,714.85	(4,179,714.85)	-
III.	Balance at end of year	42,510,280.00	4,179,714.85	37,617,433.69	84,307,428.54

The accompanying notes to financial statements form an integral part of these financial statements

Year ended 31 December 2019 Expressed in Renminbi Yuan

		Note VI	2019	2018
1.	CASH FLOWS FROM OPERATING ACTIVITIES			
	Cash receipts from the sale of goods and the rendering of services		877,157,179.93	941,438,965.92
	Other cash receipts relating to operating activities		778,810.53	1,732,681.97
	Total cash inflows from operating activities		877,935,990.46	943,171,647.89
	Cash payments for goods and services		688,880,307.48	684,015,264.93
	Cash payments to and on behalf of employees		38,274,907.07	37,005,577.13
	Payments of all types of taxes and surcharges		35,860,498.13	30,488,304.80
	Other cash payments relating to operating activities		24,177,335.04	39,128,610.85
	Total cash outflows from operating activities		787,193,047.71	790,637,757.71
	Net cash flows from operating activities	20	90,742,942.75	152,533,890.18
2.	CASH FLOWS FROM INVESTING ACTIVITIES			
	Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets		-	18,482.16
	Total cash inflows from investing activities		-	18,482.16
	Cash payments to acquire fixed assets, intangible assets and other long-term assets		984,241.91	3,174,235.15
	Cash payments for investments		-	2,100,000.00
	Total cash outflows from investing activities		984,241.91	5,274,235.15
	Net cash flows from investing activities		(984,241.91)	(5,255,752.99)

The accompanying notes to financial statements form an integral part of these financial statements.

Year ended 31 December 2019 Expressed in Renminbi Yuan

		Note VI	2019	2018
3.	CASH FLOWS FROM FINANCING ACTIVITIES			
	Cash receipts from borrowings		14,173,834.11	745,731,394.78
	Total cash inflows from financing activities		14,173,834.11	745,731,394.78
	Cash repayments for debts		39,607,387.04	868,023,358.09
	Cash payments for distribution of dividends or profit and interest expenses		41,236,042.82	10,043,738.65
	Total cash outflows from financing activities		80,843,429.86	878,067,096.74
	Net cash flows from financing activities		(66,669,595.75)	(132,335,701.96)
4.	EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		3,230.22	(4,571.06)
5.	NET INCREASE IN CASH AND CASH EQUIVALENTS	21	23,092,335.30	14,937,864.17
	Add: Cash and cash equivalents at beginning of year		29,610,742.82	14,672,878.65
6.	CASH AND CASH EQUIVALENTS AT END OF YEAR	21	52,703,078.12	29,610,742.82

The accompanying notes to financial statements form an integral part of these financial statements.

I. General information

SMP Automotive Interiors (Beijing) Co., Ltd. (the “Company”) was registerd in Beijing, People’s Republic of China on 31 March 2014 with an operating term of 30 years. The Company’s registered address is 1-101, Building 6, Yard 2, Street Rongxing North 1, Economic & technology development zone, Beijing.

The principal activity of the Company is production and sales of automative door panel interiors.

The parent company of the Company and the ultimate parent company are respectively the Samvardhana Motherson Automotive Systems Group B.V. in Netherland and Motherson Sumi Systems Limited in India.

II. Basis of preparation of the financial statements

The financial statements have been prepared in accordance with the Accounting System for Business Enterprises and other related regulations issued by the Ministry of Finance of the People’s Republic of China (“PRC”).

The financial statements have been prepared under the historical cost convention. If the assets are impaired, corresponding provisions for impairment should be provided in accordance with the relevant regulations.

Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements of the Company have been prepared in accordance with the CAS, and present truly and completely, the Company’s financial position as at 31 December 2019 and the Company’s results of operations and cash flows for the year then ended.

III. Significant accounting policies and estimates

The financial information presented in the 2019 annual financial statements was prepared based on the following significant accounting policies and estimates under ASBEs.

1. Accounting year

The accounting year of the Company is from 1 January to 31 December.

2. Functional currency

The Company’s reporting and presentation currency is the Renminbi (“RMB”). Unless otherwise stated, the unit of the currency is Yuan.

3. Cash and cash equivalents

Cash comprises the Group’s cash on hand and bank deposits that can be readily withdrawn on demand. Cash equivalents are short-term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

III. Significant accounting policies and estimates (continued)

4. Foreign currency transactions and foreign currency translation

The Company translates foreign currencies into the reporting currency when foreign currency transactions occur.

Foreign currency transactions are initially recorded using the functional currency rate ruling at the dates of the transactions. Monetary items denominated in foreign currencies are translated into functional currency at the spot exchange rate at the balance sheet date. The resulting exchange differences are recognized in the income statement. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated into functional currency using the foreign exchange rate at the transaction date.

Foreign currency cash flows are translated using the spot exchange rate when the cash flows occur. The effect of exchange rate changes on cash is separately presented as an adjustment item in the statement of cash flows.

5. Financial instruments

Recognition and derecognition

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

(1) the rights to receive cash flows from the asset have expired; or
(2) the Company has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

If the underlying obligation of a financial liability has been discharged or cancelled or has expired, the financial liability is derecognised. If an existing financial liability is replaced by the same creditor with a new financial liability that has substantially different terms, or if the terms of an existing financial liability are substantially revised, such replacement or revision is accounted for as the derecognition of the original liability and the recognition of a new liability, and the resulting difference is recognised in profit or loss for the current period.

Regular way purchases or sales of financial assets are recognised and derecognised on the trade date. Regular way purchases or sales of financial assets mean that the financial assets are received or delivered under the terms of a contract within a period as specified by regulations or convention in the marketplace. Trade date is the date that the Company commits to purchase or sell the asset.

III. Significant accounting policies and estimates (continued)

5. Financial instruments (continued)

Classification and measurement of financial instruments

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. They are recognised initially at fair value, with transaction costs taken directly to profit or loss, and are subsequently remeasured at fair value. All the realised and unrealised gains or losses are recognised in profit or loss. Dividend income or interest income relating to financial assets at fair value through profit or loss is recognised in profit or loss.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recorded at fair value plus any directly attributable transaction costs that are attributable to the acquisition of the financial assets, and are subsequently measured at amortised cost using the effective interest method. Gains or losses arising from amortisation or impairment are recognised in profit or loss.

The Company recognises a loss for impairment where there is objective evidence that an impairment loss on a financial asset has been incurred. The Company assesses whether impairment exists individually for financial assets that are individually significant. If there is objective evidence that an impairment has been incurred, an impairment loss is recognised in profit or loss. The Company assesses whether impairment exists for financial assets that are not individually significant, collectively on the basis of financial assets with similar credit risk characteristics. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a company of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The carrying amount of the financial asset is reduced to the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred) through the use of an allowance account and the loss is recognised in profit or loss. If there is objective evidence of a recovery in the value of the financial asset and the recovery is related to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed and recognised in profit or loss.

Other financial liabilities
Such financial liabilities are initially recognised at fair value less any directly attributable transaction costs, and are subsequently measured at amortised cost using the effective interest method.

Transfer of financial assets

A financial asset is derecognised when the Group has transferred substantially all the risks and rewards of the financial asset to the transferee. A financial asset is not derecognised when the Group retains substantially all the risks and rewards of the financial asset.

When the Group has neither transferred nor retained substantially all the risks and rewards of the financial asset, it either (i) derecognises the financial asset and recognises the assets and liabilities created in the transfer when it has not retained control of the asset; or (ii) continues to recognise the financial asset to the extent of the Group's continuing involvement, in which case, the Group also recognises an associated liability.

III. Significant accounting policies and estimates (continued)

5. Financial instruments (continued)

Transfer of financial assets（continued）

Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the carrying amount of the financial asset and the guarantee amount. The guarantee amount is the maximum amount of consideration that the Group could be required to repay.

Derivative financial instruments

The Group uses derivative financial instruments, such as foreign currency forward contracts and interest rate swap contracts to hedge its foreign currency risk and interest rate risk, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. However, a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted market price in an active market) and whose fair value cannot be reliably measured, is measured at cost.

6. Inventories

Inventories are initially measured at cost. Cost of inventories comprises all costs of purchase, cost of conversion and other costs. The cost of inventories transferred out is determined on the weighted average basis. Low-value consumables are expensed in full when issued for use.

At the balance sheet date, inventories are stated at the lower of cost and net realizable value. If the cost of inventories is higher than the net realizable value, a provision is made in profit or loss. If factors that previously resulted in the provision for the inventories disappear and make the net realizable value higher than their carrying amount, the amount of the write-down is reversed, to the extent of the amount of the provision for the inventories, and the reversed amount is recognized in profit or loss for the current period.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs to be incurred to completion and estimated expenses and related taxes necessary to make the sales. The provision for inventories is determined on an individual item basis.

7. Fixed assets

Fixed assets are recognised only when the economic benefits relating to the fixed assets are likely to flow into the Company and the cost of the fixed assets can be measured reliably. Expenditure incurred after fixed assets have been put into operation is normally charged to the income statement during the period in which it is incurred, unless in certain situations the expenditure is capitalised as an additional cost of that asset or as a replacement.

Fixed assets are initially measured at cost. The cost of a purchased fixed asset includes the purchase price, relevant taxes and other disbursements that bring the fixed asset to the expected conditions for use and that is attributed to the fixed asset.

Depreciation is calculated using the straight-line method. The respective estimated useful lives, estimated residual value rate and annual depreciation rates of fixed assets are as follows:

Category	Estimated useful life	Estimated residual value	Annual depreciation rate
Buildings	5-10 years	5%	9.50%-19.00%
Machinery	3-10 years	5%	9.50%-31.67%
Office furniture	3-10 years	5%	9.50%-31.67%

The Company reviews the fixed assets' useful life, residual values and depreciation method, and adjusts if appropriate, at least at each balance sheet date.

III. Significant accounting policies and estimates (continued)

8. Construction in progress

The cost of construction in progress is determined according to the actual expenditures incurred for the construction, including all necessary construction expenditures incurred during the construction period and other relevant expenditures.

An item of construction in progress is transferred to fixed assets when the asset is ready for its intended use.

9. Borrowing costs

Borrowing costs are interests and other expenses arising from borrowings of the Company, including interests, amortisation of discounts or premiums, ancillary expenses and exchange differences arising from foreign currency borrowings.

All the borrowing costs are directly attributable to construction or production of all qualifying assets are capitalised and other borrowing costs are treated as expenses.

10. Intangible assets

An intangible asset is recognised only when the economic benefits associated with the asset will probably flow to the Company and the cost of the asset can be measured reliably. Intangible assets are initially measured at cost.

The useful life of an intangible asset is determined according to the period over which it is expected to generate economic benefits for the Company. An intangible asset is regarded as having an indefinite useful life when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Company.

The useful lives of the intangible assets are as follows:

	Estimated life
Computer Software	10 years

An intangible asset with a finite useful life is amortised using the straight-line method over its useful life. For an intangible asset with a finite useful life, the Company reviews the useful life and amortisation method at least at each financial year-end and makes adjustment if necessary.

11. Impairment of assets

The Company determines the impairment of assets except for inventories, deferred tax and financial assets as follows:

The Company assessed whether an indication of impairment exists as at the balance sheet date, and performed impairment test on estimation of the asset's recoverable amount if such indications exist.

An asset's recoverable amount is calculated as the higher of the asset's fair value less costs to sell and the present value of estimated future cash flows of the assets. The recoverable amount is calculated for an individual asset unless it is not applicable, in which case, the recoverable amount is determined for the asset groups to which the asset belongs. The asset group is recognised based on whether the cash inflows generated by the asset groups are largely independent to that of other assets or asset groups.

When the recoverable amount of an asset or an asset group is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction amount is charged to the income statement and an impairment allowance is provided.

Impairment losses cannot be reversed in the prospective accounting periods.

III. Significant accounting policies and estimates (continued)

12. Employee benefits

Employee benefits are all forms of considerations given and other relevant expenditures incurred by the Group in exchange for services rendered by employees. Employee benefits include short-term employee benefits, post-employee benefits, termination benefits and other long-term employee benefits. Employee benefits also include the welfare given to the spouse, children, dependents, the deceased employee survivors and other beneficiaries.

Post-employment benefit (defined contribution plans)
The Company's employees participate in a government-regulated defined contribution pension scheme. The contributions are charged as a cost of asset or an expense to the income statement as incurred.

13. Revenue

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow into the Company and the relevant amounts of revenue can be measured reliably, as well as all the following conditions are satisfied.

Revenue from the sale of goods
The Company has transferred to the buyer the significant risks and rewards of ownership of the goods; the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; the associated costs incurred or to be incurred can be measured reliably. The amount of revenue arising from the sale of goods is determined in accordance with the consideration received or receivable from the buyer under contract or agreement, except where the consideration received or receivable under contract or agreement is not fair value. Where the consideration receivable under contract or agreement is deferred, such that the arrangement is in substance of a financing nature, the amount of revenue arising on the sale of goods is measured at the fair value of the consideration receivable.

Interest income
Interest income is recognised on a time proportion basis taking into account the principal outstanding and the effective interest rate applicable.

14. Income tax

Income tax comprises current tax and deferred tax, and is recognised as income or expense in the income statement.

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered or paid according to the taxation laws and regulations.

For temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts, and temporary differences between the carrying amounts and the tax bases of items, the tax bases of which can be determined for tax purposes, but which have not been recognised as assets and liabilities, deferred taxes are provided using the liability method.

Deferred tax liabilities are recognised for all taxable temporary differences except:

Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

III. Significant accounting policies and estimates (continued)

14. Income tax (continued)

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax losses and any unused tax credits. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax losses and unused tax credits can be utilised, except:

when the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, in accordance with the requirements of tax laws. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the balance sheet date, to recover the assets or settle the liabilities.

The carrying amount of deferred tax assets is reviewed at the balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available in future periods to allow the deferred tax assets to be utilised. Unrecognised deferred tax assets are reassessed at the balance sheet date and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities, and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

15. Leases

A lease that transfers substantially all of the risks and benefits of ownership of an asset to the lessee is termed as finance lease. All the other leases are termed as operating leases.

Operating lease as a lessee
Operating lease payments are recognised as costs of the relevant assets or expenses on a straight-line basis over the lease term.

III. Significant accounting policies and estimates (continued)

16. Fair value measurement (continued)

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial information are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are measured at fair value in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation at each balance sheet date.

17. Significant accounting judgments, estimates and assumptions

The preparation of the financial statements requires management to make judgements and estimates that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the balance sheet date. However, uncertainty about these assumptions and estimations could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

<u>Estimation uncertainty</u>
The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the future accounting periods, are described below.

Bad debt provision
Bad debt provision is made based on the assessment of recoverability of accounts receivable.

Inventory provision
The Company's management provided slow moving inventory provision at balance sheet date. Estimates of provision are based on the most reliable evidence available, and also take into consideration the purpose for which the inventory is held and events occurring in a subsequent period. Where actual outcome of expectation in future is difference from the original estimate, such differences will impact the carrying value of the inventories and write-down loss/reversal of write-down in the period in which such estimate has been changed.

Impairment of non-financial assets
The Company assesses whether there are any indicators of impairment for all non-current assets other than financial assets at each reporting date. Non-current assets other than financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable Where the carrying amount of an asset or asset group is higher than its recoverable amount (i.e. the higher of its fair value less costs to sell and the present value of the future cash flows expected to be derived from it), it is indicated that such asset or asset group is impaired. The fair value less costs to sell is determined with reference to the price in sales agreement or observable market price in arm's length transaction, adjusted for incremental costs that would be directly attributable to the disposal of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

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III. Significant accounting policies and estimates (continued)

33. Other changes in accounting policies and estimates

Changes in presentation of financial statements

To meet the requirements of the *Notice on Revising and Issuing Format of 2019 Financial Statements for General Business Enterprises* (Cai Kuai [2019] No.6) and the *Notice on Revising and Issuing Format of Consolidated Financial Statements (2019 edition)* (Cai Kuai [2019] No.16), in the balance sheet, the amount previously presented in “notes receivable and accounts receivable” shall be presented separately in “notes receivable” and “accounts receivable”; the amount previously presented in “notes payable and accounts payable” shall be presented separately in “notes payable” and “accounts payable”; The changes in accounting policies have had no impact on the net profit and equity in the consolidated and company financial statements.

IV. Taxation

Major tax items and rates are as follows:

Value added tax (“VAT”)	-	VAT payable is the difference between VAT output and less deductible VAT input for the current period. VAT output has been calculated by applying a rate of 13% to the taxable value since 1 April 2019 (16% before 1 April 2019).
Urban maintenance and construction tax	-	It is levied at 7% on the turnover taxes paid
Education surcharge	-	The Company is subject to a value added rate of 3% on its actual payment of value added tax
Local education surcharge	-	The Company is subject to a value added rate of 2% on its actual payment of value added tax
Corporate income tax	-	The Company was approved as a high-tech enterprise, and the applicable corporate income tax for the current year is levied at 15%
Withholding of individual Income taxes	-	In accordance with the relevant tax laws income tax in the PRC, the Company is required to withhold individual income tax on salaries paid to its employees
Withholding of corporate Income taxes	-	In accordance with the relevant tax laws in the PRC, the Company is required to withhold and pay corporate income tax, business tax and VAT in respect of the interest and technology transfer fees payable to foreign investors and overseas related companies.

Year ended 31 December 2019 Expressed in Renminbi Yuan

V. Notes to major items in the financial statements

1. Currency funds

	2019	2018
Cash	1,101.64	11,902.15
Cash at bank	52,701,976.48	29,598,840.67
	52,703,078.12	29,610,742.82

There were no restricted cash or bank deposits at the balance sheet date.

2. Accounts receivable

The credit terms of accounts receivable are usually 3 months. Accounts receivable are interest-free. As at the balance sheet date, the ageing of accounts receivables is within one year.

The management of the Company is of the opinion that no bad debt provision is necessary for accounts receivable as at the balance sheet date.

3. Prepayments

As at the balance sheet date, the ageing of advances to suppliers is within one year. The management of the Company is of the opinion that no bad debt provision is necessary for prepayments as at the balance sheet date.

4. Other receivables

An ageing analysis of other receivables is as follows:

	2019	2018
Within 1 year	984,119.72	6,237,886.55
1 to 2 years	2,277,722.60	511,186.43
2 to 3 years	511,186.43	2,640.00
Over 3 years	2,640.00	-
	3,775,668.75	6,751,712.98

The management of the Company considers that no provision for impairment is necessary for other receivables as at the balance sheet date.

Year ended 31 December 2019 Expressed in Renminbi Yuan

V. Notes to major items in the financial statements (continued)

5. Inventories

	2019	2018
Raw materials	22,497,522.70	23,866,766.42
Work in process	1,363,196.85	1,270,225.61
Finished goods	98,939.28	-
	23,959,658.83	25,136,992.03

As at the balance sheet date, no inventories were restricted to use.

The management of the Company considers that no provision for impairment is necessary for inventories as at the balance sheet date.

6. Long-term receivables

An ageing analysis of Long-term receivables is as follows:

	2019	2018
2 year to 3 years	-	71,068,115.22
3 year to 4 years	51,466,166.79	-
	51,466,166.79	71,068,115.22
Less: Long-term receivables due within one year	17,757,274.88	13,599,609.00
	33,708,891.91	57,468,506.22

Long-term receivables are receivable from third-party moulds. As at the balance sheet date, Management is of the opinion that no provision for impairment was necessary for long-term receivables.

Year ended 31 December 2019 Expressed in Renminbi Yuan

V. Notes to major items in the financial statements (continued)

7. Fixed assets

2019

	Buildings	Machinery	Office equipment	Total
Cost				
Opening balance	1,698,631.96	53,577,699.58	10,928,268.19	66,204,599.73
Transfers from construction in progress		121,666.43		121,666.43
Closing balance	1,698,631.96	53,699,366.01	10,928,268.19	66,326,266.16
Accumulated depreciation				
Opening balance	513,836.84	20,685,882.61	5,778,260.66	26,977,980.11
Depreciation provided during the year	195,685.19	9,513,412.06	1,456,010.67	11,165,107.92
Closing balance	709,522.03	30,199,294.67	7,234,271.33	38,143,088.03
Carrying amount				
At end of year	989,109.93	23,500,071.34	3,693,996.86	28,183,178.13
At beginning of year	1,184,795.12	32,891,816.97	5,150,007.53	39,226,619.62

Year ended 31 December 2019 Expressed in Renminbi Yuan

V. Notes to major items in the financial statements (continued)

7. Fixed assets (continued)

2018

	Buildings	Machinery	Office equipment	Total
Cost				
Opening balance	1,572,516.57	52,090,130.78	9,628,242.28	63,290,889.63
Transfers from construction in progress	126,115.39	1,487,568.80	1,340,611.71	2,954,295.90
Disposals or retirements			(40,585.80)	(40,585.80)
Closing balance	1,698,631.96	53,577,699.58	10,928,268.19	66,204,599.73
Accumulated depreciation				
Opening balance	229,286.48	10,456,631.76	3,194,543.31	13,880,461.55
Depreciation provided during the year	284,550.36	10,229,250.85	2,605,820.99	13,119,622.20
Disposals or retirements			(22,103.64)	(22,103.64)
Closing balance	709,522.03	30,199,294.67	7,234,271.33	38,143,088.03
Carrying amount				
At end of year	1,184,795.12	32,891,816.97	5,150,007.53	39,226,619.62
At beginning of year	1,343,230.09	41,633,499.02	6,433,698.97	49,410,428.08

There were no restricted fixed assets as at the balance sheet date.

The management of the Company considers that no provision for impairment is necessary for fixed assets as at the balance sheet date.

Year ended 31 December 2019 Expressed in Renminbi Yuan

V. Notes to major items in the financial statements (continued)

8. Intangible Assets

Computer Software

	2019	2018
Cost		
Opening balance	5,121,100.61	1,882,780.17
Additions	-	3,238,320.44
Closing balance	5,121,100.61	5,121,100.61
Accumulated amortization		
Opening balance	548,481.13	275,730.02
Amortization provided for the year	494,656.34	272,751.11
Closing balance	1,043,137.47	548,481.13
Accounting amount		
At end of year	4,077,963.14	4,572,619.48
At beginning of year	4,572,619.48	1,607,050.15

The management of the Company considers that no provision for impairment is necessary for intangible assets as at the balance sheet date.

9. Long-term prepayments

	2019	2018
Leasing fixed assets for improvement	5,134,206.37	2,791,522.71

10. Deferred tax assets

The net amount of deferred tax assets and the confirmed deferred tax liabilities is set out in the balance sheet. As of 31 December 2019, the offset amount was RMB138,463.92 (31 December 2018: RMB364,016.89).

Recognized deferred tax assets：

	2019	2018
Installment sales gross profit	(138,463.92)	(364,016.89)
Unpaid bonus	601,775.42	531,273.10
Fixed assets depreciation	1,364,475.63	946,198.84
	1,827,787.13	1,113,455.05

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V. Notes to major items in the financial statements (continued)

11. Employee benefits payable

	2019 Amount payable	31 December 2019 Outstanding amount	2018 Amount payable	31 December 2018 Outstanding amount
Salaries, bonuses, allowances and subsidies	24,370,432.65	5,116,208.37	24,111,015.34	4,733,980.35
Staff welfare	1,607,356.51	-	1,324,930.61	-
Social security	2,788,745.00	227,496.82	2,558,746.53	243,314.03
Including: Medical insurance	2,449,991.68	199,044.84	2,244,361.00	243,314.03
Work injury insurance	177,177.26	15,325.11	166,158.64	15,071.11
Maternity insurance	161,576.06	13,126.87	148,226.89	13,460.11
Housing funds	4,602,796.00	347,155.83	4,276,962.00	358,889.83
Union funds and employee education funds	775,869.56	320,937.20	711,256.97	348,735.35
	34,145,199.72	6,891,591.82	32,982,911.45	6,011,463.52
Defined contribution plan	4,945,054.11	375,736.77	4,948,331.10	440,518.31
Including: Basic pension insurance	4,774,302.24	361,868.93	4,788,707.72	426,231.72
Unemployment insurance	170,751.87	13,867.84	159,623.38	14,286.59
	39,090,253.83	7,267,328.59	37,931,242.55	6,451,981.83

12. Taxes payable

	2019	2018
VAT	1,169,392.05	2,739,801.13
Corporate income tax	3,193,284.43	-
Stamp tax	269,839.74	272,169.70
Withholding of individual income tax	57,777.24	50,379.88
Withholding tax	-	646,249.79
Urban maintenance and construction tax	-	87,569.95
Education surcharge	-	37,529.97
Local education surcharge	-	25,019.98
	4,690,293.46	3,858,720.40

Year ended 31 December 2019 Expressed in Renminbi Yuan

V. Notes to major items in the financial statements (continued)

13. Paid-in capital

Registered Capital

	2019		2018	
	EUR	Ratio	EUR	Ratio
Samvardhana Motherson Automotive Systems Group B.V.	6,000,000.00	100%	6,000,000.00	100%

Paid-in Capital

	2019		2018	
	EUR	RMB	EUR	RMB
Samvardhana Motherson Automotive Systems Group B.V.	6,000,000.00	42,510,280.00	6,000,000.00	42,510,280.00

The paid-in capital has been verified by Chinese Certified Public Accountants and capital verification reports have been issued.

14. Surplus reserve

2019

	Opening balance	Increase	Closing balance
Reserve fund	4,179,714.85	6,625,505.85	10,805,220.70

2018

	Opening balance	Increase	Closing balance
Reserve fund	-	4,179,714.85	4,179,714.85

According to the provisions of the Company Law and the Company's Articles of Association, the Company appropriates 10% of the net profit to the statutory surplus reserves. Where the accumulated amount of the surplus reserves reaches 50% or more of the Company's registered capital, further appropriation is not required.

After the appropriation to the statutory surplus reserves, the Company may appropriate the discretionary surplus reserves. When approved, the discretionary surplus reserves can be used to make up for accumulated losses or converted to the paid-in capital.

Year ended 31 December 2019 Expressed in Renminbi Yuan

V. Notes to major items in the financial statements (continued)

15. Unappropriated profit

	2019	2018
Balance at end of the prior year	37,617,433.69	(23,673,962.32)
Net profit for the year	66,255,058.45	65,471,110.86
Less: Reserve fund	(6,625,505.85)	(4,179,714.85)
Cash dividends declared	(35,000,000.00)	-
Balance at end of the current year	62,246,986.29	37,617,433.69

16. Revenue

Revenue is as follows:

	2019	2018
Primary business	755,738,897.36	727,277,666.78
Other businesses	2,819.51	4,957.34
	755,741,716.87	727,282,624.12

Revenue is as follows:

	2019	2018
Sales of goods	755,738,897.36	726,122,666.78
Sales of models	-	1,155,000.00
Sales of raw materials and wastes	2,819.51	4,957.34
	755,741,716.87	727,282,624.12

17. Finance expenses

	2019	2018
Interest expenses	5,942,741.68	9,463,263.65
Less: Interest income	873,247.83	1,793,143.00
Foreign exchange differences	611,222.88	293,220.86
Others	162,366.09	128,546.98
	5,843,082.82	8,091,888.49

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V. Notes to major items in the financial statements (continued)

18. Expenses by nature

Supplemental information of the Company's costs of sales, selling expenses, administrative expenses, and research and development expenses by nature are as followings：

	2019	2018
Consumption of raw materials	590,408,499.52	562,986,489.97
Change of work in progress and finished goods	(191,910.52)	2,018,551.74
Payroll	39,090,253.83	37,219,985.58
Depreciation and amortization	12,758,823.31	13,879,871.31
Others	26,999,053.46	24,416,544.73
	669,064,719.60	640,521,443.33

19. Income tax expenses

	2019	2018
Current tax	14,821,878.41	8,102,329.35
Deferred tax	(714,332.08)	352,340.49
	14,107,546.33	8,454,669.84

Reconciliation between income tax and profit before tax is as follows:

	2019	2018
Profit before tax	77,959,902.00	73,925,780.70
Income tax expenses at applicable tax rate (Note)	11,693,985.30	11,088,867.11
Expenses not deductible for tax	2,402,702.63	1,840.06
Effect on opening deferred tax of change in the tax rate	10,858.40	586,318.22
Adjustments in respect of current income tax of previous year	-	(707,545.73)
R&D expenses will be deducted	-	(2,514,809.82)
Tax charged at the Company's effective income tax rate	14,107,546.33	8,454,669.84

Note: The Company was approved as a high-tech enterprise, and the applicable corporate income tax for the current year is levied at 15% on its taxable income. (for the year ended 31 December 2018 and: 2019)

Year ended 31 December 2019 Expressed in Renminbi Yuan

V. Notes to major items in the financial statements (continued)

20. Cash flows from operating activities

Reconciliation of net profit to net cash flows from operating activities:

	2019	2018
Net profit	63,852,355.67	65,471,110.86
Add:Depreciation of fixed assets	11,165,107.92	13,119,622.20
Amortisation of intangible assets	494,656.34	272,751.11
Amortisation of long-term prepayments	1,099,059.05	487,498.00
Profit from changes in fair value	201,685.77	(201,685.77)
Finance expenses	5,830,574.16	9,320,168.20
Decrease in inventories	1,177,333.20	4,284,540.92
Decrease in deferred tax assets	(714,332.08)	352,340.49
Decrease in operating receivables	8,913,820.06	92,074,299.26
Decrease in operating payables	(1,277,317.35)	(32,646,755.09)
Net cash flows from operating activities	90,742,942.75	152,533,890.18

21. Cash and cash equivalents

	2019	2018
Cash and cash equivalents		
Including: Cash on hand	1,101.64	11,902.15
Cash at banks available for payment	52,701,976.48	29,598,840.67
Cash and cash equivalents at end of year	52,703,078.12	29,610,742.82
Cash and cash equivalents at end of year	52,703,078.12	29,610,742.82
Less: Opening balance of cash and cash equivalents	29,610,742.82	14,672,878.65
Net increase in cash and cash equivalents	23,092,335.30	14,937,864.17

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VI. Financial instruments and risk

1. Classification of financial instruments

The carrying amounts of each of the categories of financial instruments as at the balance sheet date are as follows:

Financial assets

2019

	Loans and recievables
Cash	52,703,078.12
Accounts receivable	49,285,653.95
Other receivables	3,775,668.75
Non-current assets due in one year	17,757,274.88
Long-term receivables	33,708,891.91
	157,230,567.61

2018

	Financial assets at fair value through profit or loss	Loans and receivables	Total
Cash	-	29,610,742.82	29,610,742.82
Financial assets at fair profit or loss	201,685.77	-	201,685.77
Accounts receivable	-	42,565,346.00	42,565,346.00
Other receivables	-	6,751,712.98	6,751,712.98
Non-current assets due in one year	-	13,599,609.00	13,599,609.00
Long-term receivables	-	57,468,506.22	57,468,506.22
	201,685.77	149,995,917.02	150,197,602.79

Financial liabilities

	2019 Other financial liabilities	2018 Other financial liabilities
Short-term loans	-	25,433,552.93
Accounts payable	101,999,951.64	101,841,704.72
Other payables	2,544,501.18	5,920,286.41
	104,544,452.82	133,195,544.06

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VI. Financial instruments and risk (continued)

2. Risk of financial instruments

The Company's principal financial instruments include cash trade and short-term loans.The main purpose of these financial instruments is to finance the Company's operations and to provide guarantees to support its operations.The Company has various other financial assets and liabilities such as accounts receivable and accounts payable, which arise directly from its operations.

The Company is exposed to credit risk, liquidity risk and market risk. The Company reviews and agrees policies for managing each of these risks, which are summarised below:

Credit risk

Since the Company trades only with recognised and creditworthy third parties and related parties, there is no requirement for collateral. As at 31 December 2019, the Company had certain concentration of credit risk as 97% (31 December 2018: 95%) of the Company's accounts receivable were due from the top customer and as 100%(31 December 2018: 100%) were due from the top 3 customers.

The Company's exposure to credit risk arises from default of the counterparties, with a maximum exposure equal to the carrying amounts of these instruments.

As the balance date, neither the financial assets nor the portfolio of the company were impaired and not overdue.

Liquidity risk

The Company applies a planning tool of liquidity circulation to manage liquidity risk of funding shortfalls, which takes both maternity of financial instruments and estimated operating cash flow of the Company into consideration.

The maturity profile of the Company's financial liabilities as at the balance sheet date is as follows:

2019

	Within one year
Accounts payable	101,999,951.64
Other payables	2,544,501.18
	104,544,452.82

2018

	Within one year
Short-term loans	25,516,511.97
Accounts payable	101,841,704.72
Other payables	5,920,286.41
	133,278,503.10

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VI. Financial instruments and risk (continued)

2. Risk of financial instruments (continued)

Market risk

Foreign currency risk

The foreign currency risk of the Company was mainly derived from its foreign operating activities. Such risk arises from operating activities when transactions are denominated in a different currency from the Company's functional currency.

If the exchange rate of RMB/EUR had weakened/strengthened by 5%, the Company's net profit would have been increased/decreased by RM45,204.00 (2018: RMB665,994.22) as a result of changes in the fair value of monetary assets and liabilities.

3. Capital management

The primary objective of the Company's capital management is to ensure the Company's ability to operate as a going concern and maintain healthy capital structure so as to support business growth and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the distribution of profits to shareholders, return capital to shareholders or issue new shares. The Company is not subject to any externally imposed capital requirements. During 2019 and 2018, there was no change in the Company's capital management objectives, policies or processes.

VII. Fair value

1. Fair value of financial instruments

Management has assessed currency funds, and accounts receivable, other receivables,and accounts payable, other payables and other similar instruments. Given the short term maturities, the fair values approximate to the carrying values.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair value of long-term receivables and short-term loans have been calculated by discounting the expected future cash flows using rates currently available for instruments on similar terms, credit risk and remaining maturities. As at 31 December 2019, the default risk of long-term payables and short-term loans is assessed to be not material.

2. Fair value hierarchy

Assets and liabilities measured at fair value:

2018

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Recurring fair value measurements				
Financial assets at fair value through profit or loss	-	201,685.77	-	201,685.77

VIII. Related party relationships and transactions

1. Definition of related parties

If a party has the power to control, jointly control or exercise significant influence over another party, they are regarded as related parties. Two or more parties are also regarded as related parties if they are subject to control or joint control from the same party.

The following parties are defined as related parties of the Company:

(1)Parent of the Company;
(2)Other entities controlled by the parent of the Company;
(3)Key management personnel of the Company or of the parent and close family members of such individuals.

2. Parent company

Parent company	Origion of registration	Nature	Equity held ratio (%)	Voting ratio (%)	Registered EUR
Samvardhana Motherson Automotive Systems Group B.V.	Netherlands	Manufacture and sell the components of vehicles	100	100	66,176

Companies controlled by the ultimate holding company: Motherson Sumi Systems Limited.

3. Other related parties

	Relationship
Samvardhana Peguform Automotive Technology Management Services (Changchun) Co., Ltd.	Entity controlled bythe parent company
Samvardhana Enterprise Management (Shanghai) Co., Ltd.	Entity controlled bythe parent company
SMP Deutschland GmbH	Entity controlled bythe parent company
SMP Automotive Systems Alabama Inc.	Entity controlled bythe parent company
Motherson Automotive Technologies& Engineering	Entity under common control of the ultimate holding company
Motherson Sumi INfotech & Designs Ltd.	Entity under common control of the ultimate holding company
Motherson Sumi INfotekk and Design	Entity under common control of the ultimate holding company
MSSL Advanced Polymers s.r.o.	Entity under common control of the ultimate holding company

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VIII. Related party relationships and transactions (continued)

4. Significant transactions between the Company and its related parties

(1) Sales of goods to related parties

	2019	2018
Motherson Automotive Technologies& Engineering	15,041,268.44	18,475,109.32

The price of the goods sold by the company to its related party shall be determined by the parties through negotiation according to the market price.

(2) Purchases of goods from related parties

	2019	2018
MSSL Advanced Polymers s.r.o.	63,319.55	107,244.54

The price of the goods purchased by the company from its related party shall be determined by the parties through negotiation according to the market price.

(3) Financing

2019

	Amount	Annual interest rate	Life of loan
Samvardhana Peguform Automotive Technology Management Services (Changchun) Co., Ltd. -Lent	430,000.00	4.35%	Open-ended

2018

	Amount	Annual interest rate	Life of loan
Samvardhana Peguform Automotive Technology Management Services (Changchun) Co., Ltd. -Lent	2,100,000.00	4.35%	Open-ended

	2019	2018
<u>Interest income</u>		
Samvardhana Peguform Automotive Technology Management Services (Changchun) Co., Ltd.	108,937.30	147,666.51

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VIII. Related party relationships and transactions (continued)

4. Significant transactions between the Company and its related parties

(4) Other transactions

	2019	2018
Engineering and software technology service fee		
Motherson Sumi INfotech & Designs Ltd.	920,540.37	934,316.95
Motherson Sumi INfotekk and Design	823,008.40	507,995.45
Samvardhana Peguform Automotive Technology Management Services (Changchun) Co., Ltd.	538,937.30	2,253,568.51
SMP Deutschland GmbH	-	241,464.09
	1,743,548.77	3,937,345.00
Consultation and management fees		
SMP Deutschland GmbH	10,280,589.44	7,746,554.65
Acceptance of a guarantee		
Samvardhana Motherson Automotive. Systems Group B.V	132,000,000.00	132,000,000.00

The above transactions were conducted according to the terms of the contracts entered into between the Company and its related parties.

5. Receivables from/payables to related parties

	2019	2018
Accounts recievable		
Motherson Automotive Technologies & Engineering	1,579,219.75	4,523,344.87
Other recievables		
Samvardhana Peguform Automotive Technology Management Services (Changchun) Co., Ltd.	2,732,505.81	2,623,568.51
SMP Deutschland GmbH	710,772.85	3,624,638.36
SMP Automotive Systems Alabama Inc.	138,535.40	-
MSSL Advanced Polymers s.r.o.	3,490.80	-
	3,585,304.86	6,248,206.87
Accounts payable		
SMP Deutschland GmbH	2,114,976.04	16,456,563.65
Other payables		
Motherson Sumi INfotekk and Design	153,066.13	512,318.83
Motherson Sumi INfotech & Designs Ltd.	122,446.94	110,825.85
MothersonSumi INfotekk and Design Samvardhana Enterprise Management (Shanghai) Co., Ltd.	45,791.37	84,068.00
Samvardhana Motherson Automotive Systems Group B.V.	-	1,659,743.19
	321,304.44	2,366,955.87

Except for note VIII.4 (3), receivables from/payables to related parties are unsecured, interest-free and have no fixed term of repayment.

Year ended 31 December 2019 Expressed in Renminbi Yuan

IX. Lease arrangements

As lessee

The Group had total future minimum lease payments under non-cancellable leases with its lessors falling due as follows:

	2019	2018
Within one year (includes 1 year)	7,253,261.22	6,058,276.61
1 year to 2 years (includes 2 years)	7,279,652.64	5,491,729.32
2 years to 3 years (includes 3 years)	7,372,438.32	5,329,489.32
Over 3 years	12,546,461.15	14,656,095.63
	34,451,813.33	31,535,590.88

X. Comparative amounts

As further explained in Note III.18 to the financial statements, the accounting treatment and presentation of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain prior year adjustments have been made, and certain comparative amounts have been restated to conform to the current year's presentation and accounting treatment.

XI. Approval of the financial statements

The financial statements were approved by the board of directors on 30 04 2020.