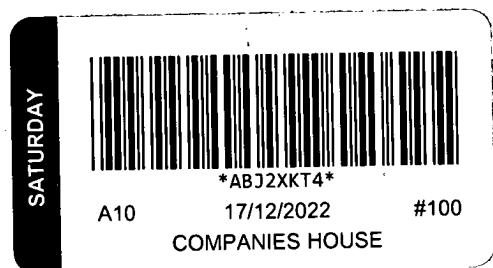


Registered number 09133004

Yanfeng International Automotive Technology UK Co. Ltd

**Report and financial statements for the year ended 31
December 2021**



Yanfeng International Automotive Technology UK Co. Ltd

Report and financial statements for the year ended 31 December 2021

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Yanfeng International Automotive Technology UK Co. Ltd

Strategic report for the year ended 31 December 2021

Fair review of business

The principal activity of the company is that of a holding company investing in subsidiaries whose main activities are the manufacture and sale of automotive interiors equipment to the automotive industry. The company engages in investment activities which are, by their nature, non-recurrent events. The company will monitor investment opportunities as they arise.

The company has increased its net asset position on the balance sheet to \$972.162m (2020: \$895.565m). Its main investment is the sub group holding company based in Hungary. Cash has been increased from \$128.341m to \$448.254m as at 31 December 2021, due to increased external borrowing for the cash pool. No dividends were paid during the year (2020: \$nil). The company has made a post tax profit during the year of \$76.597m (2020: loss of \$0.097m), which has occurred due to the receipt of \$80m in dividends from subsidiaries (2020: \$nil) and lower net financial income as explained in more detail below.

The company operates a cash pooling operation for itself and subsidiary companies. During the year the cash pool generated a net financial loss of \$2.153m (2020: income of \$0.076m). The decrease in net financial income is the result of fluctuating volumes and changes in interest rates.

Principal risks and uncertainties

The principal risks and uncertainties facing the business are:

- Recoverability/valuation of investments
- Foreign exchange
- Interest rate and liquidity risk
- Brexit
- COVID-19

The company's main risk is the recoverability of the value of its investments. This risk is mitigated by regular reviews of indicators of impairment performed by the company directors of the value of the investments held. Given the review performed in the current year, management do not consider any impairment is required to the value of the investments as at 31 December 2021.

In addition, the company faces foreign exchange risks as the company has a US dollar functional currency and its main activities are conducted in a number of different foreign currencies. Management regularly assess the risks posed and have contingency plans in place to mitigate risks should they arise.

Cash balances are held with external institutions. If funding is required then this is achieved by an internal loan from Yanfeng Luxembourg Automotive Interior Systems Leasing S.A.R.L. As a result, the liquidity risk is mitigated as there is no requirement for liquidity from external parties.

The company manages interest rate risk through the use of group of cash pools and internal loans, which reduce the exposure to changes in interest rates.

On 1 January 2020 the UK officially left the EU which management identified as a potential threat to the operations of the wider group. Management continue to closely monitor the implications of this as the terms come in to effect.

Management has considered the consequences of COVID-19, the war in Ukraine and other events. The global consolidated Yanfeng Group was impacted by the slowdown of the automotive industry and shutdowns of production by Original Equipment Manufacturers. The Group's consolidated revenue increased year on year by 7.1% from 3.637 bil USD to 3.896 bil USD. Across the group, impact on profitability was compensated by flexing down the costs and utilization of available social tools in the country of operation of company's subsidiaries. The directors have therefore concluded no impairment of the company's subsidiaries is necessary.

The board are working to mitigate against the impact of the pandemic but are confident in the group's ability to trade through this uncertainty, through adaptive management, contingency planning and government support where available. All risks are closely managed by the corporate risk management team, which is controlled by the ultimate parent company SAIC Motor Corporation Limited.

Yanfeng International Automotive Technology UK Co. Ltd

Strategic report for the year ended 31 December 2021 (continued)

Key Performance Indicators

The key performance indicators of the company are:	2021	2020
	\$'000	\$'000
Profit/(loss) before taxation	77,041	(135)
Net assets	972,162	895,565
Cash	448,254	128,341
Net current assets	93,932	17,335

The directors measure performance of the company with regard to the overall result declared in the Statement of comprehensive income and by reference to net current assets. The directors target positive net current assets.

S172(1) Statement of directors' duties to stakeholders

The directors of the company have a duty to promote the success of the company and wider group. A director of the company must act in a way he/she considers, in good faith to promote the success of the company for the benefit of its members as a whole and to other stakeholders.

Given the primary role of the company is to act as a holding company the directors have identified the members and subsidiary entities as the key stakeholders.

The company's secondary role is that of providing a cash pool and therefore the company's banking partners are also a key stakeholder.

These are the stakeholders which the board consider when making strategic decisions.

The directors are committed to developing and maintaining a governance framework that is appropriate to the business and supports effective decision making coupled with robust oversight of risk and internal controls. The directors are also committed to maintaining a reputation for high standards of business conduct through continual review and adoption of governance best practice.

Members and subsidiaries

The UK business has a close working relationship with its parent entity and the wider Yanfeng group, which provides a key strand of the group's strategy and philosophy. The primary role of the company is that of a holding company to the Hungarian subgroup and the directors provide the strategy link from its member to its subsidiaries. The board consider, when making decisions, the impact on members and works with the board of subsidiaries to understand the impact of decisions on those entities and their stakeholders.

Banking partners

A key activity of the company is the provision of the cash pooling facility and finance to the wider group entities. The company's relationship with its bankers is critical in ensuring that the company delivers this service to the group effectively and in an efficient manner. The company has allocated dedicated roles to liaise with the company's bankers to build and foster strong working relationships.

Yanfeng International Automotive Technology UK Co. Ltd

Strategic report for the year ended 31 December 2021 (continued)

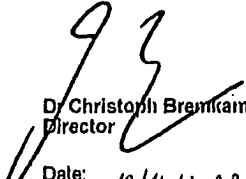
Future developments

The group intends to continue its current activities in the operating of a cash pool facility for the wider group. The global economy has been hit by the COVID-19 epidemic which, in turn has affected global markets and interest rates, which directly affect the company's cash pool operations. The company will work with its banking partners to ensure that it can continue to deliver a fit for purpose cash pool despite these challenges.

The company is closely monitoring the current situation and development of the war in Ukraine, as well as international measures and decisions, in order to identify any effects on our business and supply chains at an early stage and to act accordingly. Yanfeng International Automotive Technology UK, Ltd. and its subsidiaries are not directly impacted by events in Russia or the Ukraine, however, rising energy and raw material prices, bottlenecks in the global supply chains and a disruption in demand could result in the group's sales and earnings being lower than planned. This will be considered as part of management's review of impairment triggers for the investments in subsidiaries in the future.


The company is also indirectly affected by the economic challenges its subsidiaries face in their trading activities. However, the group is optimistic that it can adapt and meet the challenges faced to remain a key partner to those in the automotive industry.

On behalf of the board


Dr. Christoph Bremkamp
Director
Date: 12/14/2022

Dongsheng Ni
Director

Date:


2022.12.14

Yanfeng International Automotive Technology UK Co. Ltd

Directors' report for the year ended 31 December 2021

The directors present their report and the audited financial statements of the company for the year ended 31 December 2021.

Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, the directors continue to adopt the going concern basis of accounting in preparing the financial statements. In reaching this conclusion the directors considered the liquidity position of the entity, the projected cash flows over the next 12 months and the recoverability of intercompany receivables. As part of forecasting cashflows for the entity, management has considered the consequences of covid 19, the war in Ukraine and other events on the group. Based on these cash flow projections, and the balance sheet position as of the date these financial statements are approved, the directors are satisfied that sufficient resources remain available to enable the company to meet its obligations as they fall due. In addition, the directors have obtained a letter of comfort from Yanfeng International Automotive Technology Co. Ltd which also provides access to additional liquidity if needed in order for the company to meet its obligations as they fall due, for a period of no less than 12 months from the date these financial statements are approved by the directors.

Review of business and future developments

The principal activity of the company is that of a holding company investing in subsidiaries whose main activities are the manufacture and sale of automotive interiors equipment to the automotive industry. The company also operates a cash pooling facility for the benefit of its subsidiaries.

The company engages in investment activities which are, by their nature, non-recurrent events. The company will monitor investment opportunities as they arise. Greater detail on future developments can be found in the Strategic Report.

The company's profit for the year after taxation was \$76.597m (2020: loss of \$0.097m).

Dividends of \$nil (2020: \$nil) were declared during the year. The directors do not recommend payment of a final dividend.

Financial risk management

Credit risk

The company's policy is to use financial institutions authorised by the Yanfeng group, who actively manage the global banking facilities. All cash held on deposit is pooled at a European level to mitigate risk.

Liquidity risk

Cash balances are held with external institutions. If funding is required then this is achieved in the first instance by an internal loan from a Yanfeng group company thus mitigating the risks wherever possible associated with external finance.

Interest rate risk

The company manages interest rate risk through the use of group cash pools and internal loans, which reduce exposure to changes in interest rates.

All risks are closely managed by the corporate risk management team, which is controlled by the ultimate parent company SAIC Motor Corporation Limited.

Yanfeng International Automotive Technology UK Co. Ltd

Directors' report for the year ended 31 December 2021 (continued)

Directors

The following served as directors during the financial year and up to the date of signing of the financial statements, unless otherwise stated:

Dongsheng Ni	
Chunfeng Xu	(appointed on 8 March 2022)
Dr Christoph Bremkamp	(appointed on 8 March 2022)
Steve Meszaros	(resigned on 8 March 2022)
Yiri Su	(resigned on 8 March 2022)

Directors' indemnities

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year directors' and officers' liability insurance in respect of itself and its directors.

Independent Auditors

The auditors, PricewaterhouseCoopers LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the report and financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Yanfeng International Automotive Technology UK Co. Ltd

Directors' report for the year ended 31 December 2021 (continued)

Strategic report

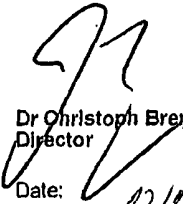
The directors have chosen in accordance with section 414C(11) of the Companies Act 2006 to include in the Strategic Report matters otherwise required to be disclosed in the Directors' report as the director consider these are of strategic importance to the company. These include information on risks and uncertainties, financial risk management objectives and policies and likely future developments.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the Board

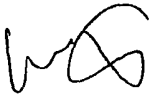

Dr Christoph Bremkamp
Director

Date:

12/11/2022

Dongsheng NI
Director

Date:


12.12.22

Yanfeng International Automotive Technology UK Co. Ltd

Independent auditors' report to the members of Yanfeng

International Automotive Technology UK Co. Ltd

Report on the audit of the financial statements

Opinion

In our opinion, Yanfeng International Automotive Technology UK Co. Ltd's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and financial statements (the "Annual Report"), which comprise: Statement of financial position as at 31 December 2021; the Statement of comprehensive income and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

Yanfeng International Automotive Technology UK Co. Ltd

Independent auditors' report to the members of Yanfeng International Automotive Technology UK Co. Ltd

Report on the audit of the financial statements (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine 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 directors are 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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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 ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Yanfeng International Automotive Technology UK Co. Ltd

Independent auditors' report to the members of Yanfeng International Automotive Technology UK Co. Ltd

Report on the audit of the financial statements (continued)

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006 and tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate the financial results. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Review and analysis of journal entries posted in the period, in particular reviewing for any journal entries that appear unusual or outside the normal course of business.
- Review of management's assessment of relevant tax risks

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Trevor Smith (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Southampton

14 December 2022

Yanfeng International Automotive Technology UK Co. Ltd

Statement of comprehensive income for the year ended 31 December 2021

		Year end 31 December 2021 \$'000	Year end 31 December 2020 \$'000
	Note		
Administrative expenses		(209)	(211)
Operating loss		(209)	(211)
Interest receivable and similar income	2	86,532	3,498
Interest payable and similar expenses	3	(9,282)	(3,422)
Profit/(loss) before taxation	4	77,041	(135)
Tax charge/(credit) for the year	7	(444)	38
Profit/(loss) for the financial year and total comprehensive income/(expenditure) for the year		76,597	(97)

The profit/(loss) for the financial years are derived from continuing operations.

Yanfeng International Automotive Technology UK Co. Ltd

Statement of financial position as at 31 December 2021

	Note	As at 31 December 2021 \$'000	As at 31 December 2020 \$'000
Fixed Assets			
Investments	8	878,230	878,230
Current Assets			
Debtors	9	163,552	229
Cash at bank and in hand		448,254	128,341
		611,806	128,570
Creditors: amounts falling due within one year	10	(517,874)	(111,235)
Net current assets		93,932	17,335
Total assets less current liabilities		972,162	895,565
Net assets		972,162	895,565
Capital and reserves			
Called up share capital	12	878,200	878,200
Retained earnings		93,962	17,365
Total equity		972,162	895,565

The financial statements on pages 10 to 25 were approved by the Board of Directors on and signed on its behalf by:

Dr Christoph Bremkamp
Director

Dongsheng Ni
Director

Yanfeng International Automotive Technology UK Co. Ltd
Company registration number: 09133004

12/14/2022

The notes on pages 13 to 25 are an integral part of these financial statements.

Yanfeng International Automotive Technology UK Co. Ltd

Statement of changes in equity for the year ended 31 December 2021

	Called up share capital \$'000	Retained earnings \$'000	Total \$'000
Balance at 1 January 2020	878,200	17,462	895,662
Year ended 31 December 2020			
Loss for the financial year	-	(97)	(97)
Total comprehensive expense for the year	-	(97)	(97)
Balance at 31 December 2020	878,200	17,365	895,565
Year ended 31 December 2021			
Profit for the financial year	-	76,597	76,597
Total comprehensive income for the year	-	76,597	76,597
Balance at 31 December 2021	878,200	93,962	972,162

Yanfeng International Automotive Technology UK Co. Ltd

Notes to the financial statements for the year ended 31 December 2021

1 Accounting policies

General Information

Yanfeng International Automotive Technology UK Co. Ltd (Formerly known as Yanfeng UK Automotive Interior Systems Co., Ltd) ("the Company") is a private company, limited by shares and domiciled and incorporated in England.

The address of the Company's registered office is Highfield Court, Tollgate, Chandler's Ford, Eastleigh, Hampshire, SO53 3TY.

The Company's principal activity is that of a holding company investing in subsidiaries whose main activities are the manufacture and sale of trimmed seats, seat components and interiors to the automotive industry. The company operates a cash pooling facility for the benefit of its subsidiaries.

Statement of compliance

The financial statements of Yanfeng International Automotive Technology UK Co. Ltd have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102"), the Companies Act 2006 and are prepared under the historical cost convention.

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied throughout the period being presented.

a) Basis of preparation

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements (see section n).

The preparation of the financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies (see section o).

b) Exemptions for qualifying entities under FRS 102

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements;

- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures.
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income.
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

c) Consolidated financial statements

The company is a subsidiary of Yanfeng International Automotive Technology Co. Ltd. It is included in the consolidated financial statements of Yanfeng International Automotive Technology Co. Ltd. which are publicly available. The consolidated financial statements of Yanfeng International Automotive Technology Co. Ltd are available from 399 Liuzhou Road, Shanghai, China.

Yanfeng International Automotive Technology UK Co. Ltd

Notes to the financial statements for the year ended 31 December 2021 (continued)

1 Accounting policies (continued)

Summary of significant accounting policies (continued)

c) Consolidated financial statements (continued)

Therefore the company is exempt by virtue of section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. These financial statements are the company's separate financial statements.

d) Foreign currency

(i) Functional and presentation currency

The company's functional currency and presentation currency is US Dollars. Monetary amounts in these financial statements are rounded to the nearest \$1,000.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'interest receivable and similar income/interest payable and similar expenses'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'administrative expenses'.

e) Dividends payable

Dividends and other distributions to company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the company's shareholders. These amounts are recognised in the Statement of changes in equity.

f) Dividend income

Dividend income is recognised when the right to receive payment is established.

g) Other income

Interest income is recognised using the effective interest rate method.

h) Interest payable

Interest payable is recognised using the effective interest rate method.

i) Employee benefits

The company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

(i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

Yanfeng International Automotive Technology UK Co. Ltd

Notes to the financial statements for the year ended 31 December 2021 (continued)

1 Accounting policies (continued)

Summary of significant accounting policies (continued)

(ii) Defined contribution pension plans

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the Statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

j) Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively. Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expense in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing differences.

k) Investments

Investments in subsidiary companies are held at cost less accumulated impairment losses. Investments are reviewed for indicators of impairment ("impairment triggers"). If impairment triggers are noted, an impairment analysis is performed, and the recoverable amount of the investment is compared to its carrying value. The recoverable amount of the investment is the higher of the fair value less costs to sell and value in use. If the recoverable amount of the investment is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. Any impairment loss is recognised in profit or loss.

l) Financial instruments

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, to all of its financial instruments, with the exception of those where exemptions are available.

Yanfeng International Automotive Technology UK Co. Ltd

Notes to the financial statements for the year ended 31 December 2021 (continued)

1 Accounting policies (continued)

Summary of significant accounting policies (continued)

l) Financial instruments (continued)

(i) Financial assets

Basic financial assets, including amounts owed by group undertakings, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

(ii) Financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans and loans from fellow group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

m) Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Yanfeng International Automotive Technology UK Co. Ltd

Notes to the financial statements for the year ended 31 December 2021 (continued)

1 Accounting policies (continued)

Summary of significant accounting policies (continued)

n) Going concern

This is the second year of account since the beginning of the COVID-19 pandemic which has had a significant impact on the wider automotive industry. The company's operations have not been directly affected. The company had net assets of \$972,162k, including \$448,254k of cash, as at the year end to finance its operations. Therefore, at the time of approving these financial statements the directors have a reasonable expectation that the company has adequate resources to finance its operations for the foreseeable future. Thus, the directors continue to adopt the going concern basis of accounting in preparing the financial statements. In reaching this conclusion the directors considered the liquidity position of the entity, the projected cash flows over the next 12 months and the recoverability of intercompany receivables. As part of forecasting cashflows for the entity, management has considered the consequences of covid 19, the war in Ukraine and other events on the group. Based on these cash flow projections, and the balance sheet position as of the date these financial statements are approved, the directors are satisfied that sufficient resources remain available to enable the company to meet its obligations as they fall due. In addition, the directors have obtained a letter of support from Yanfeng International Automotive Technology Co. Ltd, the parent of the company, which provides access to additional liquidity if needed in order for the company to meet its obligations as they fall due, for a period of no less than 12 months from the date these financial statements are approved by the directors.

o) Critical accounting estimates and assumptions

Estimation and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will by definition, seldom equal the related actual results. In this regard, the directors believe that the critical accounting policies where judgements or estimations are necessarily applied are summarised below:

(i) Investments

Investments are reviewed for indicators of impairment annually. Whenever events or circumstances are noted that may indicate an impairment, such as a significant adverse change in the business climate or a decision to sell a subsidiary at a value lower than its carrying value, an impairment assessment is performed.

The net assets of the subsidiary exceed its carrying value at the year end and no other indications of impairment have been noted, therefore the directors have concluded that in their judgement no impairment triggers have been noted for the year.

2 Interest receivable and similar income

	Year ended 31 December 2021 \$'000	Year ended 31 December 2020 \$'000
Interest on bank deposits	6,532	3,498
Income from shares in group undertakings	80,000	-
	<u>86,532</u>	<u>3,498</u>

Yanfeng International Automotive Technology UK Co. Ltd

Notes to the financial statements for the year ended 31 December 2021 (continued)

3 Interest payable and similar expenses

	Year ended 31 December 2021 \$'000	Year ended 31 December 2020 \$'000
Interest on bank loans and overdrafts	8,685	3,422
Interest payable to group undertakings	597	-
	9,282	3,422

4 Profit/(loss) before taxation

	Year ended 31 December 2021 \$'000	Year ended 31 December 2020 \$'000
Profit/(loss) before taxation is stated after charging:		
Exchange losses	25	36
Auditors' remuneration - audit services	35	34

5 Employees

	Year ended 31 December 2021 Number	Year ended 31 December 2020 Number
The average monthly number of persons employed by the Company (excluding directors) during the year was:		
Administration and Management	3	3
	3	3

	Year ended 31 December 2021 \$'000	Year ended 31 December 2020 \$'000
Staff costs for the above persons:		
Wages and salaries	321	286
Social security costs	39	34
Other pension costs	8	7
	368	327

Yanfeng International Automotive Technology UK Co. Ltd

Notes to the financial statements for the year ended 31 December 2021 (continued)

6 Directors and key management

The directors received no remuneration in respect of their services to the company during the year (2020: nil) as their services as directors of the company were incidental to their other services within the rest of the group. Directors' remuneration costs are borne by other members of the group.

7 Tax on profit/(loss)

	Year ended 31 December 2021 \$'000	Year ended 31 December 2020 \$'000
Current tax		
UK corporation tax	418	(12)
Deferred tax		
Deferred tax on losses	26	(26)
Total tax charge/(credit) on profit/(loss)	444	(38)

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (19%) (2020: 19%). The differences are explained below:

	Year ended 31 December 2021 \$'000	Year ended 31 December 2020 \$'000
Company profit/(loss) before taxation	77,041	(135)
Company profit/(loss) multiplied by the standard rate of corporation tax in the UK of 19% (2020: 19%)	14,638	(26)
Effects of:		
Foreign tax suffered/(credited)	4	(4)
Adjustment in respect of previous periods	-	(6)
Exchange rate differences arising	90	(2)
Expenses not deductible	523	-
Non taxable income	(15,200)	-
Tax on apportioned CFC profits	389	-
Total tax charge/(credit) for the year	444	(38)

On 3 March 2021 it was announced that from 1 April 2023 the corporation tax rate for UK company profits will increase from 19% to 25%, on profits exceeding £250,000. This was re-confirmed in the UK Government's Autumn Statement on 17 November 2022.

Yanfeng International Automotive Technology UK Co. Ltd

Notes to the financial statements for the year ended 31 December 2021 (continued)

8 Investments

					Shares in group undertakings \$'000
Net book value at 31 December 2020 and 31 December 2021					878,230
A list of direct and indirect subsidiaries is provided below:					
Company	Class of shares	Principal activity	Proportion of nominal value of shares issued held by:		Country of incorporation
			The company	Other group companies	
<i>Yanfeng International Automotive Technology Hungary Kft?</i>	Ordinary	<i>Manufacture and sale of automotive interiors equipment</i>	100%	-	Hungary
1097 Budapest, Office Campus, Gubacsi út 6. b. ép. 1. lház, Hungary					
<i>Yanfeng International Automotive Technology Slovakia s.r.o.</i>	Ordinary	<i>Manufacture and sale of automotive interiors equipment</i>	0.01%	99.99%	Slovakia
Twin City C, Mlynské nivy 14, 82109 Bratislava, Slovak Republic					
<i>Yanfeng International Automotive Technology Luxembourg S.a.r.l.</i>	Ordinary	<i>Holding and financing company</i>	-	100%	Luxembourg
121 rue d'Hollerich, L-1741 Luxembourg, Luxembourg					
<i>Yanfeng US Automotive Interior Systems LLC</i>	Ordinary	<i>Holding and financing company</i>	-	100%	United States of America
Corporation Trust Center, 1209 Orange Street, City of Wilmington, 19801 Delaware, USA					
<i>Yanfeng US Automotive Interior Systems I LLC</i>	Ordinary	<i>Manufacture and sale of automotive interiors equipment</i>	-	100%	United States of America
Corporation Trust Center, 1209 Orange Street, City of Wilmington, 19801 Delaware, USA					
<i>Yanfeng US Automotive Interior Systems II LLC</i>	Ordinary	<i>Manufacture and sale of automotive interiors equipment</i>	-	100%	United States of America
Corporation Trust Center, 1209 Orange Street, City of Wilmington, 19801 Delaware, USA					
<i>Yanfeng Canada Automotive Interior Systems ULC</i>	Ordinary	<i>Manufacture and sale of automotive interiors equipment</i>	-	100%	Canada
1600, 421-7 th Avenue SW, T2P4K9 Calgary, Alberta, Canada					
<i>Yanfeng International Automotive Technology South Africa Pty. Ltd.</i>	Ordinary	<i>Manufacture and sale of automotive interiors equipment</i>	-	100%	South Africa
Building C2 Industrial Development, Lower Chester Road, Sunnyside, East London, Eastern Cape 5218, South Africa					

Yanfeng International Automotive Technology UK Co. Ltd

Notes to the financial statements for the year ended 31 December 2021 (continued)

8 Investments (continued)

Company	Class of shares	Principal activity	Proportion of nominal value of shares issued held by:		Country of incorporation
			The company	Other group companies	
Yanfeng Ireland Automotive Interior Systems Unlimited (*)	Ordinary	Holding and financing company	-	100%	Ireland
Trinity House, Charleston Road, Ranelagh, Dublin 6, Ireland					
Yanfeng International Automotive Technology Germany s.r.o. & Co. KG	Ordinary	Manufacture and sale of automotive interiors equipment	-	100%	Germany
Jagenbergstr. 1, 41468 Neuss, Germany					
Yanfeng International Automotive Technology Europe S.a.r.l. & Co. KG	Ordinary	Management services to other group companies	-	100%	Germany
Jagenbergstr. 1, 41468 Neuss, Germany					
Yanfeng Mexico Interiors Services S de RL de CV	Ordinary	Manufacture and sale of automotive interiors equipment	0.03%	99.97%	Mexico
104 David Alfaro Siqueiros, Col. Valle Oriente, 66269 San Pedro Gazza Garcia, Nuevo Leon, Mexico					
Yanfeng Mexico Interiors Holding S de RL de CV	Ordinary	Manufacture and sale of automotive interiors equipment	0.03%	99.97%	Mexico
104 David Alfaro Siqueiros, Col. Valle Oriente, 66269 San Pedro Gazza Garcia, Nuevo Leon, Mexico					
Yanfeng Mexico Interiors, S. de R.L. de C.V.	Ordinary	Manufacture and sale of automotive interiors equipment	-	100%	Mexico
104 David Alfaro Siqueiros, Col. Valle Oriente, 66269 San Pedro Gazza Garcia, Nuevo Leon, Mexico					
Yanfeng Seating Mexico, S.A. De C.V.	Ordinary	Manufacture and sale of automotive interiors equipment	-	99.99%	Mexico
104 David Alfaro Siqueiros, Col. Valle Oriente, 66269 San Pedro Gazza Garcia, Nuevo Leon, Mexico					
Yanfeng International Automotive Technology Italy S.r.l.	Ordinary	Manufacture and sale of automotive interiors equipment	-	100%	Italy
Grugliasco (to) Strada Antica Di Grugliasco 114/116 Cap 10095					
Yanfeng International Automotive Technology Spain SL	Ordinary	Manufacture and sale of automotive interiors equipment	-	100%	Spain
Avda Foya, Num. 40, Poligono Industrial, Juan Carlos I, 46440 Almussafes – (Valencia), Spain					

Yanfeng International Automotive Technology UK Co. Ltd

Notes to the financial statements for the year ended 31 December 2021 (continued)

8 Investments (continued)

Company	Class of shares	Principal activity	Proportion of nominal value of shares issued held by:		Country of incorporation
			The company	Other group companies	
<i>Yanfeng International Automotive Technology Czechia s.r.o.</i>	Ordinary	<i>Manufacture and sale of automotive interiors equipment</i>	-	100%	Czech Republic
Tatinná 60, 438 01 Bitozeves, Czech Republic					
<i>Yanfeng International Automotive Technology Serbia d.o.o. Kragujevac</i>	Ordinary	<i>Manufacture and sale of automotive interiors equipment</i>	-	100%	Serbia
Braće Nikolić 2, 34000 Kragujevac, Serbia					
<i>Yanfeng Seating d.o.o. Kragujevac</i>	Ordinary	<i>Manufacture and sale of automotive interiors equipment</i>	-	100%	Serbia
Braće Nikolić 2, 34000 Kragujevac, Serbia					
<i>Yanfeng USA Automotive Trim Systems, Inc</i>	Ordinary	<i>Manufacture and sale of automotive interiors equipment</i>	-	100%	USA
42150 Executive Drive, Harrison Township, MI 48045, United States of America					

A list of direct and indirect associates is provided below:-

Company	Class of shares	Principal activity	Proportion of nominal value of shares issued held by:		Country of incorporation
			The company	Other group companies	
<i>Avanzar Interior Products LLC</i>	Ordinary	<i>Manufacture and sale of automotive interiors equipment</i>	-	49%	United States of America
1 Lone Star Pass, Bldg #41, San Antonio TX 78264, Texas, USA					
<i>Avanzar Interior Products de Mexico S de RL de CV</i>	Ordinary	<i>Manufacture and sale of automotive interiors equipment</i>	-	49%	Mexico
Carretera 45D KM 12.5, Apaseo El Grande, Guanajuato, Mexico					

(*) Yanfeng Ireland Automotive Interior Systems Unlimited dissolved 12th April 2022.

9 Debtors

	2021 \$'000	2020 \$'000
Corporation tax recoverable	-	149
Amounts owed by group undertakings	163,537	49
Other debtors	10	1
Prepayments and accrued income	5	4
Deferred tax asset (note 11)	-	26
	163,552	229

Amounts owed by group undertakings are unsecured, interest free and repayable on demand

Yanfeng International Automotive Technology UK Co. Ltd

Notes to the financial statements for the year ended 31 December 2021 (continued)

10 Creditors: Amounts falling due within one year

	2021 \$'000	2020 \$'000
Bank loans and overdrafts	392,111	64,595
Trade creditors	514	861
Amounts owed to group undertakings	125,143	45,732
Other taxation and social security costs	6	7
Corporation tax	61	-
Other creditors	1	2
Accruals and deferred income	38	38
	517,874	111,235

Amounts due to group undertakings (including dividends payable) are unsecured, interest free and repayable on demand.

Bank loans are secured through a letter of comfort offered to the bank from a parent company, in relation to the loans of this company. One bank loan is repayable in January 2022, two in March 2022, two in May 2022 and two in June 2022. All the bank loans have an effective interest rate between 1.20% and 2.00%.

11 Deferred taxation

The major deferred tax assets recognised by the company are:

	Assets 2021 \$'000	Assets 2020 \$'000
Balances:		
Tax losses	-	26
	-	26

	2021 \$'000
Movements in the year:	
Asset at 1 January 2021	26
Credit to profit or loss	(26)
Asset at 31 December 2021	-

Yanfeng International Automotive Technology UK Co. Ltd

Notes to the financial statements for the year ended 31 December 2021 (continued)

12 Called up share capital and reserves

	2021 \$'000	2020 \$'000
532,242,525 (2020 532,242,525) Ordinary Shares of US\$1.65 each	878,200	878,200
	878,200	878,200

Ordinary share rights

Holders of the ordinary shares are entitled to receive notice of, attend and vote at, a general meeting of the company, to receive dividends at a rate declared by the directors and to participate in a return of capital on a winding up of the company.

Reserves

Reserves of the Company represent the following:

Retained earnings

Cumulative profits net of distributions to owners.

13 Retirement benefits

The Company operates a defined contribution pension scheme for all qualifying employees in the United Kingdom. The assets of the scheme are held separately from those of the Company in an independently administered fund. The contributions payable by the Company charged to profit or loss amounted to \$8,468 (2020 - \$6,503). At the year end \$6,443 (2020 - \$nil) was outstanding.

14 Related party transactions

No guarantees have been given or received. No expense has been recognised in the year in respect of bad debts from related parties.

15 Post balance sheet events

At the year end the company had bank finance facilities outstanding totalling €150.0m and \$221.5m, respectively. All arrangements are expected to be settled in full during 2022.

Subsequent to the year end, the company negotiated new bank finance facilities to fund the operational activities of the group. These arrangements totalled \$254.0m and €166.7m, out of which \$60.0m and €134.2m are due for repayment in the year ended 31 December 2022 and \$194.0m and €32.5m are due for repayment in the year ended 31 December 2023.

Yanfeng International Automotive Technology UK Co. Ltd

Notes to the financial statements for the year ended 31 December 2021 (continued)

16 Controlling parties

The immediate parent company is Yanfeng International Automotive Technology Co., Ltd, incorporated in the People's Republic of China.

The directors consider SAIC Motor Corporation Limited, incorporated in the People's Republic of China to be the ultimate parent undertaking and the largest group of undertakings to consolidate these financial statements at 31 December 2021. The consolidated financial statements of SAIC Motor Corporation Limited are available from 489 Weihai Road, Shanghai, China.

Huayu Automotive Systems Co., Ltd is the parent undertaking of the smallest group of undertakings to consolidate these financial statements at 31 December 2021. The consolidated financial statements of Huayu Automotive Systems Co., Ltd are available from 489 Weihai Road, Shanghai, China.