Report of the Directors and Audited Financial Statements

SMR AUTOMOTIVE HOLDING HONG KONG LIMITED

31 March 2021

EY 安永

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SMR AUTOMOTIVE HOLDING HONG KONG LIMITED

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SMR AUTOMOTIVE HOLDING HONG KONG LIMITED

REPORT OF THE DIRECTORS

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

Principal activity
The Company's principal activity has not changed during the year and consisted of investment holding.

Results and dividends
The Company's income for the year ended 31 March 2021 and its financial position at that date are set out in the financial statements on page 5 to 21.

The directors do not recommend the payment of any dividend in respect of the year.

Directors
The directors of the Company during the year were:

Vivek Chaand Sehgal
Laksh Vaaman Sehgal

There being no provision in the Company's Articles of Association for the retirement of directors by rotation, both existing directors will continue in office for the ensuing year.

Directors' interests
At no time during the year was the Company or any of its subsidiaries, holding companies or fellow subsidiaries a party to any arrangement to enable its directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' interests in transactions, arrangements or contracts
No director had a material interest, either directly or indirectly, in any transactions, arrangements, or contracts of significance to the business of the Company to which any of its subsidiaries, holding companies or fellow subsidiaries was a party during the year.

Auditors
Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

....
Laksh Vaaman Sehgal
Director

Hong Kong
08 JUN 2021

EY 安永

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Independent auditor's report
To the member of SMR Automotive Holding Hong Kong Limited
(Incorporated in Hong Kong with limited liability)

Opinion
We have audited the financial statements of SMR Automotive Holding Hong Kong Limited (the "Company") set out on pages 5 to 21, which comprise the statement of financial position as at 31 March 2021, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2021, and of its financial performance and its cash flows for the year then ended in accordance with applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") relevant to these financial statements and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion
We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. 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 the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and auditor's report thereon
The directors are responsible for the other information. The other information comprises the information included in the report of the directors.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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, 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 in this regard.

EY 安永

Independent auditor's report (continued)
To the member of SMR Automotive Holding Hong Kong Limited
(Incorporated in Hong Kong with limited liability)

Responsibilities of the directors for the financial statements
The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with the applicable HKFRSs issued by the HKICPA that are relevant to these financial statements and the Hong Kong Companies Ordinance, and for such internal control as the directors 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 of the Company 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 of the Company either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

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. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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.

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

- 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.
- 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 the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

EY 安永

Independent auditor's report (continued)
To the member of SMR Automotive Holding Hong Kong Limited
(Incorporated in Hong Kong with limited liability)

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

- Conclude on the appropriateness of the directors' 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.
- 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 the board of directors of the Company 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.

Certified Public Accountants
Hong Kong
08 JUN 2021

SMR AUTOMOTIVE HOLDING HONG KONG LIMITED

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2021

	Notes	2021 EUR	2020 EUR
REVENUE	4	82,922	-
Operating expenses		(17,902)	(18,526)
Finance cost	6	(1,694)	(1,437)
PROFIT/(LOSS) BEFORE TAX		63,326	(19,963)
Income tax expense	8	(8,292)	-
PROFIT/(LOSS) AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		55,034	(19,963)

SMR AUTOMOTIVE HOLDING HONG KONG LIMITED

STATEMENT OF FINANCIAL POSITION

Year ended 31 March 2021

	Notes	2021 EUR	2020 EUR
NON-CURRENT ASSETS			
Investments in subsidiaries	9	5,708,001	5,708,001
CURRENT ASSETS			
Cash and cash equivalents		34,336	12,703
CURRENT LIABILITIES			
Accruals		15,418	16,774
NET CURRENT ASSETS/(LIABILITIES)		18,918	(4,071)
TOTAL ASSETS LESS CURRENT LIABILITIES		5,726,919	5,703,930
NON-CURRENT LIABILITIES			
Loan from the immediate holding company	10	-	32,045
Net assets		5,726,919	5,671,885
EQUITY			
Share capital	11	2,300,400	2,300,400
Retained profits		3,426,519	3,371,485
Total equity		5,726,919	5,671,885

....
Vivek Chaand Sehgal
Director

....
Laksh Vaaman Sehgal
Director

SMR AUTOMOTIVE HOLDING HONG KONG LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2021

	Share capital EUR	Retained profits EUR	Total EUR
At 1 April 2019	2,300,400	3,391,448	5,691,848
Loss and total comprehensive loss for the year	-	(19,963)	(19,963)
At 31 March 2020 and 1 April 2020	2,300,400	3,371,485	5,671,885
Profit and total comprehensive income for the year	-	55,034	55,034
At 31 March 2021	2,300,400	3,426,519	5,726,919

SMR AUTOMOTIVE HOLDING HONG KONG LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 March 2021

	2021 EUR	2020 EUR
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before tax	63,326	(19,963)
Adjustments for:		
Dividends received from a subsidiary	(82,922)	-
Finance cost	1,694	1,437
	(17,902)	(18,526)
(Decrease)/increase in accruals	(1,356)	5,859
Cash used in operations	(19,258)	(12,667)
Overseas tax paid	(8,292)	-
Net cash flows used in operating activities	(27,550)	(12,667)
CASH FLOW FROM AN INVESTING ACTIVITY		
Dividends received from a subsidiary	82,922	-
CASH FLOW FROM FINANCING ACTIVITIES		
Loan advance from the immediate holding company	15,000	10,000
Repayment of a loan from the immediate holding company	(48,739)	-
Net cash flows (used in)/generated from financing activities	(33,739)	10,000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	21,633	(2,667)
Cash and cash equivalents at beginning of year	12,703	15,370
CASH AND CASH EQUIVALENTS AT END OF YEAR	34,336	12,703
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances	34,336	12,703

1. CORPORATE INFORMATION

SMR Automotive Holding Hong Kong Limited is a limited liability company incorporated in Hong Kong. Its registered office is located at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

During the year, the Company was involved in investment holding.

The Company is a wholly-owned subsidiary of Samvardhana Motherson Reflectec Group Holdings Limited, a company incorporated in Jersey. In the opinion of the directors, the Company's ultimate parent company is Motherson Sumi Systems Limited, a company incorporated in India.

2.1 BASIS OF PREPARATION

For the purposes of compliance with sections 379 and 380 of the Hong Kong Companies Ordinance, these financial statements have been prepared to present a true and fair view of the financial position and financial performance of the Company only. Consequently, they have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance that are relevant to the preparation of company level financial statements by an intermediate parent company.

As the Company is a holding company that is a wholly-owned subsidiary of another body corporate, it satisfies the exemption criteria set out in section 379(3)(a) of the Hong Kong Companies Ordinance, and is therefore not required to prepare consolidated financial statements.

Given the above, these financial statements are not prepared for the purposes of compliance with HKFRS 10 "Consolidated Financial Statements", so far as the preparation of consolidated financial statements of the Company and its subsidiaries (together, the "Group") is concerned. As a consequence, the financial statements do not give all the information required by HKFRS 10 about the economic activities of the Group of which the Company is the parent. Furthermore, as these financial statements are prepared in respect of the Company only, HKFRS 12 "Disclosure of Interests in Other Entities" does not apply to the financial statements.

These financial statements have been prepared under the historical cost convention and are presented in Euro ("EUR"), which is also the Company's functional currency.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Company has adopted the *Conceptual Framework for Financial Reporting 2018* and the following revised HKFRSs for the first time for the current year's financial statements, which is applicable to the Company.

Amendments to HKAS 1 and HKAS 8	*Definition of Material*

The nature and impact of the *Conceptual Framework for Financial Reporting 2018* and the revised HKFRSs are described below:

Conceptual Framework for Financial Reporting 2018 (the "Conceptual Framework") sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Company.

Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and performance of the Company.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Company has not early applied any of the new and revised HKFRSs that have been issued but are not yet effective for the accounting year ended 31 March 2021 in these financial statements. Among these HKFRSs, the following are expected to be relevant to the Company's financial statement upon becoming effective.

Amendments to HKAS 1	*Classification of Liabilities as Current or Non-curren*[1,2]

[1] Effective for annual periods beginning on or after 1 April 2023

[2] As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 *Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised in October 2020 to align the corresponding wording with no change in conclusion

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

Amendments to HKAS 1 *Classification of Liabilities as Current or Non-current* clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after 1 April 2023 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Company's financial statements.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Company the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;
(b) rights arising from other contractual arrangements; and
(c) the Company's voting rights and potential voting rights.

The results of subsidiaries are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment losses.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties
A party is considered to be related to the Company if:

(a) the party is a person or a close member of that person's family and that person
  - (i) has control or joint control over the Company;
  - (ii) has significant influence over the Company; or
  - (iii) is a member of the key management personnel of the Company or of a parent of the Company;

or

(b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Company are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Company are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

Impairment of non-financial assets
Where an indication of impairment exists or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value-in-use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)
An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation), had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Financial assets
Trade receivables that do not contain a significant financial component or for which the Company has applied the practical expedient of not adjusting the effect of a significant financial component are measured at the transaction price determined under HKFRS 15. All the other financial assets are initially recognised at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss. Regular way purchases and sales of financial assets are recognised on the trade date, that is, the date when the Company commits to purchase or sell the assets.

(a) Classification and measurement
Debt instruments are measured at amortised cost using the effective interest rate method, subject to impairment if the assets are held for the collection of contractual cash flows where those contractual cash flows represent solely payments of principal and interest.

(b) Impairment
The Company applies the expected credit loss model on all the financial assets that are subject to impairment. For trade receivables without a significant financial component, the Company applies the simplified approach which requires impairment allowances to be measured at lifetime expected credit losses.

For other financial assets, impairment allowances are recognised under the general approach where expected credit losses are recognised in two stages. For credit exposures where there has not been a significant increase in credit risk since initial recognition, the Company is required to provide for credit losses that result from possible default events within the next 12 months. For those credit exposures where there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure irrespective of the timing of the default.

The Company considers a default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more appropriate default criterion should be applied.

(c) Derecognition
Financial assets are derecognised when the rights to receive cash flows from the assets have expired; or where the Company has transferred its contractual rights to receive the cash flows of the financial assets and has transferred substantially all the risks and rewards of ownership; or where control is not retained.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities
Financial liabilities are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, they are subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities are derecognised when they are extinguished, i.e., when the obligation is discharged or cancelled, or expires.

Cash and cash equivalents
For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Company's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions
A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in profit or loss.

Income tax
Income tax comprises current and deferred tax. Income tax relating to items recognised outside the profit or loss is recognised either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Company operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)
Deferred tax liabilities are recognised for all taxable temporary differences while deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period 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 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, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Company 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.

Revenue recognition
Revenue from contracts with customers
Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Company will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)
When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Company and the customer at contract inception. When the contract contains a financing component which provides the Company a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

Foreign currency transactions
These financial statements are presented in EUR, which is the Company's functional currency. The Company determines its own functional currency and items included in the financial statements are measured using that functional currency. Foreign currency transactions recorded by the Company are initially recorded using its functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in foreign currencies are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in foreign currencies are translated using the exchange rates at the dates when their fair values were measured.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of investments in subsidiaries

The Company determines whether the investment costs are impaired at least on an annual basis. An impairment exists when the investment cost exceeds its recoverable amount, which is the higher of its fair value less cost to sell and its value-in-use. When value-in-use calculation are undertaken, management must estimate the expected future cash flows from the investment and choose a suitable discount rate in order to calculate the present value of those cash flows.

4. REVENUE

Revenue represents dividend income from a subsidiary. The performance obligation is satisfied at a point in time.

5. PROFIT/(LOSS) BEFORE TAX

The Company's profit/(loss) for the year is arrived at after charging/(crediting):

	2021 EUR	2020 EUR
Auditor's remuneration	9,363	9,329
Foreign exchange differences, net	(435)	(58)
Legal and professional fees	7,764	8,857

6. FINANCE COST

	2021 EUR	2020 EUR
Interest on a loan from the immediate holding company	1,694	1,437

7. DIRECTORS' REMUNERATION

No directors received any fees or emoluments in respect of their services rendered to the Company for the year (2020: Nil).

8. INCOME TAX

No provision for Hong Kong profits tax has been made as the Company did not generate any assessable profits arising in Hong Kong during the year (2020: Nil). Tax on profit assessable elsewhere has been calculated at the rate of tax prevailing in the country in which the Company operates.

	2021 EUR	2020 EUR
Current - China		
Charge for the year	8,292	-

A reconciliation of the tax charge/(credit) applicable to profit/(loss) before tax at the Hong Kong statutory tax rate to the tax charge at the Company's effective tax rate is as follows:

	2021 EUR	2020 EUR
Profit/(loss) before tax	63,326	(19,963)
Tax at the Hong Kong statutory tax rate of 16.5% (2020: 16.5%)	10,449	(3,294)
Expenses not deductible for tax	3,233	3,294
Income not subject to tax	(13,682)	-
Effect of withholding tax on the dividend income from a subsidiary	8,292	-
Tax charge at the Company's effective tax rate	8,292	-

9. INVESTMENTS IN SUBSIDIARIES

	2021 EUR	2020 EUR
Unlisted investments, at cost	5,708,001	5,708,001

Particulars of the subsidiaries as at the end of reporting period are as follows:

Name	Place of incorporation and operations	Percentage of ownership directly attributable to the Company 2021	2020	Principal activities
SMR Automotive Yancheng Co. Ltd. ("SMR Yancheng")	People's Republic of China/Mainland China	100%	100%	Manufacturing of automotive components
SMR Automotive (Beijing) Co. Ltd.	People's Republic of China/Mainland China	100%	100%	Manufacturing of automotive components

10. LOAN FROM THE IMMEDIATE HOLDING COMPANY

The loan from the immediate holding company as at 31 March 2020 was unsecured, bore interest at 5.5% per annum, and was fully repaid on 10 September 2020.

11. SHARE CAPITAL

	2021 EUR	2020 EUR
Issued and fully paid:		
1 (2020: 1) ordinary share	-*	-*
2,300,400 (2020: 2,300,400) ordinary shares	2,300,400	2,300,400
	2,300,400	2,300,400

*Less than EUR1.

12. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the financial statements, the Company did not have any significant related party transactions during the year (2020: Nil).

13. FINANCIAL INSTRUMENTS BY CATEGORY

The financial assets of the Company comprise cash and cash equivalents which are categorised as financial assets at amortised cost. The carrying amounts of these financial assets are the amounts shown on the statement of financial position.

The financial liabilities of the Company comprise accruals which is categorised as financial liabilities at amortised cost. The carrying amounts of these financial liabilities are the amounts shown on the statement of financial position.

14. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

At the end of the reporting period, the carrying amounts of the Company's financial assets and financial liabilities reasonably approximated to their fair values largely due to the short-term maturities/repayable on demand terms of these instruments or their effect of discounting is not material.

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's exposure to credit risk and liquidity risk arises in the normal course of its business. These risks are managed by the Company's financial management policies and practices described below.

Credit risk
The carrying amount of cash and cash equivalents represents the Company's maximum exposure to credit risk in relation to financial assets. The Company's bank balances are deposited with a creditworthy bank, which the directors believe is of high credit quality.

Liquidity risk
In the management of liquidity risk, the Company monitors and maintains level of working capital deemed adequate, and maintains a balance between continuity and flexibility of funding from its group companies.

The maturity profile of the Company's financial liabilities as at the end of each reporting period, based on the contractual undiscounted payments, were either within a year or repayable on demand.

Capital management
The primary objectives of the Company's capital management are to safeguard the Company's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise the shareholder's value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payments to its shareholder, return capital to the shareholder or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2021 and 31 March 2020.

16. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on
08 JUN 2021