Ningbo Joyson Electronic Corp.

ENGLISH TRANSLATION OF FINANCIAL STATEMENTS
FOR THE YEAR 1 JANUARY 2018 TO 31 DECEMBER 2018
IF THERE IS ANY CONFLICT BETWEEN THE CHINESE
VERSION AND ITS ENGLISH TRANSLATION,
THE CHINESE VERSION WILL PREVAIL

Key Audit Matters (continued)

Key Audit Matters (continued)

Assessment of goodwill impairment risk (continued)	
Refer to Note III. 19 and 28(1) of the accounting policy to the financial statements and Note V. 15 to the consolidated financial statements.	
The Key Audit Matter	**How the matter was addressed in our audit**
We identified assessment of goodwill impairment risk as a key audit matter because of the inherent complexity of the assessment process and there is subjective judgment from the management when assessing the variable factors and assumptions in the valuation process and because of the potential management bias in considering the variable factors and assumptions.	Compare the revenue growth rate, changes in operating cost and future capital expenditures used in calculating the present value of expected future cash flows with the financial budget approved by the Board of Directors; Compare the forecasted sales volume with the expected future production supply plan of the OEM, and with reference to the selling price and other costs, evaluate whether the expected capital expenditure is in line with management's asset retirement and replacement plan during the forecast period; Using the work of our valuation specialists and by comparison of other companies within the industry to evaluate the reasonableness of the discount rate used in estimating the present value of future cash flows; Obtain the management's sensitivity analysis of the discount rate and other key assumptions used in the present value of estimated future cash flows, and evaluate the possible impact of changes in key assumptions on impairment test and whether there are indicators of management bias;

Key Audit Matters (continued)

Acquisition accounting of Takata business	
Refer to Note VI. Change of consolidation scope to the consolidated financial statements 1(1) Business combinations involving entities not under common control occurred during the year.	
The Key Audit Matter	**How the matter was addressed in our audit**
On 12 April 2018, Ningbo Joyson Electronics completed acquiring the business of the liquidated Takata Corporation other than phase stabilized ammonium nitrate business through its subsidiary, Joyson Auto Safety Holding S.A. (hereinafter referred to as "Joyson Safety") at a the consideration of USD 1.588 billion (subject to the price adjustment clauses as defined in the assets purchase agreement) (hereinafter referred to as "Acquisition of Takata Business"). As the transaction meets the definition of business combinations involving entities not under common control, it has been accounted for under the acquisition method. Management has identified the identifiable assets acquired and liabilities assumed, determined their fair value based on the valuation performed by the independent appraiser, and allocated the purchase price to the identifiable assets acquired and liabilities assumed based on the valuation result.	Our audit procedures related to acquisition of Takata business include the following: Obtain asset purchase agreements signed between Joyson Safety, and Takata Corporation and its subsidiaries in respective regions, check the terms of the agreement and evaluate the reasonableness of the relevant accounting treatment; Review the methodology and identification process of identifiable assets acquired and liabilities assumed adopted by management; On a sampling basis, verify the existence and accuracy of the identifiable assets acquired, the completeness and accuracy of the liabilities assumed, such as comparing the assets' recorded amount with supporting documentation, including invoices, contracts and other relevant documents; Regarding the fair value of intangible assets based on income method, compare the key assumptions used in the calculation of the present value of estimated future cash flows, including revenue growth rate, changes in operating costs and capital expenditures, with the historical records, the financial budget approved by the Board of Directors and the trend of safety system industry; Evaluate the competence, professionalism and objectiveness of the independent appraiser;

Key Audit Matters (continued)

Acquisition accounting of Takata business (continued)
Refer to Note VI. Change of consolidation scope to the consolidated financial statements 1(1) Business combinations involving entities not under common control occurred during the year.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

(2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

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

(4) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Ningbo Joyson Electronic 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 Ningbo Joyson Electronic to cease to continue as a going concern.

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

(6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Ningbo Joyson Electronic to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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

We also provide those charged with governance with a statement that we have complied with

Ningbo Joyson Electronic Corp.
Consolidated balance sheet as at 31 December 2018 (continued)
(Expressed in Renminbi Yuan)

	Note	*31 December 2018*	*31 December 2017*	*1 January 2017*
Shareholders' equity				
Share capital	*V.35*	949,289,000.00	949,289,000.00	949,289,000.00
Capital reserve	*V.36*	9,872,962,586.02	9,996,921,663.15	10,111,843,505.33
Less: Treasury shares	*V.37*	(1,801,064,356.53)	-	-
Other comprehensive income	*V.38*	242,484,046.80	(230,006,657.49)	(147,133,651.63)
Surplus reserve	*V.39*	103,030,372.38	87,820,752.64	74,243,968.97
Retained earnings	*V.40*	3,071,392,060.80	1,886,188,764.28	1,715,166,061.64
Total equity attributable to shareholders of the Company		12,438,093,709.47	12,690,213,522.58	12,703,408,884.31
Non-controlling interests		5,746,175,635.45	1,012,646,619.95	1,141,342,803.57
Total shareholders' equity		18,184,269,344.92	13,702,860,142.53	13,844,751,687.88
Total liabilities and shareholders' equity		59,320,183,424.06	35,355,043,856.48	37,232,570,835.60

These financial statements were approved by the Board of Directors of the Company on 22 April 2019.

Wang Jianfeng Legal Representative (Signature and stamp)	Li Junyu The person in charge of accounting affairs (Signature and stamp)	Zhang Yu The head of the accounting department (Signature and stamp)	(Company stamp)

The notes on pages 24 to 142

Ningbo Joyson Electronic Corp.
Company balance sheet as at 31 December 2018
(Expressed in Renminbi Yuan)

	Note	*31 December 2018*	*31 December 2017*	*1 January 2017*
Current assets				
Cash at bank and on hand		2,004,990,702.74	1,623,451,286.59	7,974,431,317.43
Bills and accounts receivable	*XIV.1*	7,915,539.39	5,644,886.30	1,518,371.34

Ningbo Joyson Electronic Corp.
Company balance sheet as at 31 December 2018 (continued)
(Expressed in Renminbi Yuan)

	Note	*31 December 2018*	*31 December 2017*	*1 January 2017*
Current liabilities				
Short-term loans		3,110,000,000.00	3,446,026,000.00	2,740,000,000.00
Bills and accounts payable		4,461,275.57	4,355,736.27	2,852,922.25
Employee benefits payable		1,230,993.80	-	43,322.00
Taxes payable		1,607,216.41	1,199,994.75	299,757.09
Other payables		1,103,850,949.22	104,299,457.88	111,892,476.57
Non-current liabilities due within one year		450,000,000.00	579,147,410.39	569,049,260.00
Other current liabilities		2,500,000,000.00	-	1,000,740,000.00
Total current liabilities		7,171,150,435.00	4,135,028,599.29	4,424,877,737.91
Non-current liabilities				
Long-term loans		616,209,090.27	1,179,937,933.13	4,501,094,412.74
Debentures payable		1,000,000,000.00	-	399,411,472.53
Total non-current liabilities		1,616,209,090.27	1,179,937,933.13	4,900,505,885.27

Ningbo Joyson Electronic Corp.
Company balance sheet as at 31 December 2018 (continued)
(Expressed in Renminbi Yuan)

	Note	*31 December 2018*	*31 December 2017*	*1 January 2017*
Shareholders' equity				
Share capital		949,289,000.00	949,289,000.00	949,289,000.00
Capital reserve		11,290,260,012.70	11,290,260,012.70	11,290,260,012.70

Ningbo Joyson Electronic Corp.
Consolidated income statement for the year ended 31 December 2018 (continued)
(Expressed in Renminbi Yuan)

	Note	*2018*	*2017*
(2) Net profit classified by ownership:			
1. Shareholders of the Company		1,317,989,789.35	395,870,260.54
2. Non-controlling interests		808,748,522.54	346,758,742.58
V. Other comprehensive income, net of tax	*V.55*	760,655,866.67	(109,723,467.48)
Other comprehensive income (net of tax) attributable to shareholders of the Company		472,490,704.29	(82,873,005.86)
(1) Items that will not be reclassified to profit or loss:		2,669,570.17	357,456.37
1. Remeasurement of defined benefit plan liability		2,669,570.17	357,456.37
2. Other comprehensive income recognised under equity method		-	-
(2) Items that may be reclassified to profit or loss:			

Ningbo Joyson Electronic Corp.
Company income statement for the year ended 31 December 2018
(Expressed in Renminbi Yuan)

	Note	*2018*	*2017*
I. Operating income	*XIV.4*	17,055,113	12,007,596.00
Less: Operating costs	*XIV.4*	-	-
Taxes and surcharges			(6,740,870.77)
General and administrative expenses			(102,820,364.43)
Financial expenses			(126,135,439.96)
Including Interest expenses		406,633,237.38	169,306,299.74
Interest income		168,877,334.12	33,034,680.10
Add: Other income			22,708,261.25
Investment income	*XIV.5*		317,108,439.27
Including Loss from investments in associates and joint ventures		-	-
Gains from changes in fair value		-	-
Losses from asset disposals		-	-
II. Operating profit		(179,352,581.47)	116,127,621.36
Add:Non-operating income		-	44,054.66
Less:Non-operating expenses		(44,624.21)	-
III. Profit before income tax		(179,397,205.68)	116,171,676.02
Less:Income tax expenses		-	-
IV. Net profit for the year		(179,397,205.68)	116,171,676.02
1. Net profit from continuing operations		(179,397,205.68)	116,171,676.02
2. Net profit from discontinued operations		-	-
V. Other comprehensive income, net of tax		(15,850,300.00)	40,280,000.00
(1) Items that will not be reclassified to profit or loss		-	-
1. Remeasurement of defined benefit plan liability		-	-
2 Other comprehensive income recognised under equity method		-	-

The notes on pages 24 to 142 form part of these financial statements.

Ningbo Joyson Electronic Corp.
Company income statement for the year ended 31 December 2018 (continued)
(Expressed in Renminbi Yuan)

	Note	*2018*	*2017*
V. Other comprehensive income, net of tax (continued)			
(2) Items that may be reclassified to profit or loss			40,280,000.00
1. Other comprehensive income recognised under equity method		-	-
2. Gains or losses arising from changes in fair value of available-for-sale financial assets		-	-
3. Gains or losses arising from reclassification from held-to-maturity investments to available-for-sale financial assets		-	-
4. Effective portion of gains or losses arising from cash flow hedging instruments			40,280,000.00
5. Translation differences arising from translation of foreign currency financial statements		-	-
6. Others		-	-
VI. Total comprehensive income for the year		(195,247,505.68)	156,451,676.02

These financial statements were approved by the Board of Directors of the Company on 22 April 2019.

Wang Jianfeng Legal Representative (Signature and stamp)	Li Junyu The person in charge of accounting affairs (Signature and stamp)	Zhang Yu The head of the accounting department (Signature and stamp)	(Company stamp)

The notes on pages 24 to 142 form part of these financial statements.

Ningbo Joyson Electronic Corp.
Consolidated cash flow statement for the year ended 31 December 2018
(Expressed in Renminbi Yuan)

	Note	*2018*	*2017*
I. Cash flows from operating activities:			
Proceeds from sale of goods and rendering of services		61,183,173,015.31	29,366,461,693.80
Refund of taxes		639,741,837.38	711,320,829.71
Proceeds from other operating activities	*V.56*	310,865,251.52	283,650,065.19
Sub-total of cash inflows		62,133,780,104.21	30,361,432,588.70
Payment for goods and services		(46,022,806,979.85)	(21,117,569,019.08)
Payment to and for employees		(8,823,574,507.02)	(4,120,685,373.00)
Payment of various taxes		(1,351,244,169.34)	(1,488,677,866.25)
Payment for other operating activities	*V.56*	(2,961,927,484.73)	(1,733,171,955.66)
Sub-total of cash outflows		(59,159,553,140.94)	(28,460,104,213.99)
Net cash inflow / (outflow) from operating activities	*V.57*	2,974,226,963.27	1,901,328,374.71
II. Cash flows from investing activities:			
Proceeds from disposal of investments		27,550,000.00	-
Investment returns received		61,682,139.14	168,819,033.98
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets			3,885,939.70
Net proceeds from disposal of subsidiaries and other business units		-	983,533,415.72
Proceeds from other investing activities	*V.56*		3,900,596,522.77
Sub-total of cash inflows			5,056,834,912.17
Payment for acquisition of fixed assets, intangible assets and other long-term assets		(3,445,923,505.96)	(3,082,003,345.06)
Payment for acquisition of investments		(249,833,980.89)	(248,067,389.80)
Net payment for acquisition of subsidiaries and other business units	*V.57*	(6,502,501,493.72)	-
Payment for other investing activities	*V.56*	(600,000,000.00)	(4,713,683,311.03)
Sub-total of cash outflows		(10,798,258,980.57)	(8,043,754,045.89)
Net cash inflow / (outflow) from investing activities		(9,332,836,940.45)	(2,986,919,133.72)

The notes on pages 24 to 142 form part of these financial statements.

Ningbo Joyson Electronic Corp.
Consolidated cash flow statement for the year ended 31 December 2018 (continued)
(Expressed in Renminbi Yuan)

	Note	*2018*	*2017*
III. Cash flows from financing activities			
Proceeds from investors			6,750,000.00
Including: Proceeds from non-controlling shareholders of subsidiaries			6,750,000.00
Proceeds from borrowings		21,835,145,417.81	10,474,185,763.88
Proceeds from issuance of debentures		3,482,500,000.00	-
Proceeds from other financing activities		-	-
Sub-total of cash inflows		28,853,040,417.81	10,480,935,763.88
Repayments of borrowings		(14,873,259,557.30)	(12,505,217,577.20)
Payment for dividends, profit distributions or interest		(1,951,751,326.61)	(1,039,553,221.22)
Including: Dividends and profits paid to non-controlling shareholders of subsidiaries		-	(300,600,000.00)
Payment for other financing activities	*V.56*	(2,596,064,356.53)	(1,030,850,000.00)
Sub-total of cash outflows		(19,421,075,240.44)	(14,575,620,798.42)
Net cash inflow / (outflow) from financing activities		9,431,965,177.37	(4,094,685,034.54)
IV. Effect of foreign exchange rate changes on cash and cash equivalents		376,984,379.25	(41,249,062.83)
V. Net increase / (decrease) in cash and cash equivalents	*V.57*	3,450,339,579.44	(5,221,524,856.38)
Add: Cash and cash equivalents at the beginning of the year		3,857,973,980.45	9,079,498,836.83
VI. Cash and cash equivalents at the end of the year	*V.57*	7,308,313,559.89	3,857,973,980.45

These financial statements were approved by the Board of Directors of the Company on 22 April 2019.

Wang Jianfeng Legal Representative	Li Junyu The person in charge of accounting affairs	Zhang Yu The head of the accounting department	(Company stamp)
(Signature and stamp)	(Signature and stamp)	(Signature and stamp)	

The notes on pages 24 to 142 form part of these financial statements.

Ningbo Joyson Electronic Corp.
Company cash flow statement for the year ended 31 December 2018 (continued)
(Expressed in Renminbi Yuan)

	Note	*2018*	*2017*
III. Cash flows from financing activities:			
Proceeds from investors		-	-
Proceeds from borrowings debec 0 Tw 7ns		5,096,652,000.00	3,603,232,000.00

Ningbo Joyson Electronic Corp.
Consolidated statement of changes in shareholders' equity for the year ended 31 December 2018
(Expressed in Renminbi Yuan)

	2018

Ningbo Joyson Electronic Corp.
Consolidated statement of changes in shareholders' equity for the year ended 31 December 2018(continued)
(Expressed in Renminbi Yuan)

	2018									
	Attributable to shareholders of the Company								*Non-controlling interests*	*Total*
	Share capital	*Capital reserve*	*Less: Treasury shares*	*Other comprehensive income*	*Specific reserve*	*Surplus reserve*	*General reserve*	*Retained earning*		
5.Specific reserve	-	-	-	-	-	-	-	-	-	-
(1) Appropriation during the year	-	-	-	-	-	-	-	-	-	-
(2) Utilisation during the year	-	-	-	-	-	-	-	-	-	-
6.Others	-	-	-	-	-	-	-	-	-	-
IV.Balance at the end of the year	949,289,000.00	9,872,962,586.02	(1,801,064,356.53)	242,484,046.80	-	103,030,372.38	-	3,071,392,060.80	5,746,175,635.45	18,184,269,344.92

These financial statements were approved by the Board of Directors of the Company on 22 April 2019.

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The notes on pages 24 to 142 form part of these financial statements.

Ningbo Joyson Electronic Corp.
Consolidated statement of changes in shareholders' equity for the year ended 31 December 2017(continued)
(Expressed in Renminbi Yuan)

	2017								
	Attributable to shareholders of the Company							*Non-controlling interests*	*Total*
	Share capital	*Capital reserve*	*Less: Treasury shares*	*Other comprehensive income*	*Surplus reserve*	*General reserve*	*Retained earning*		
4.Transfer within equity	-	-	-	-	-	-	-	-	-
(1) Share capital increased by capital reserve transfer	-	-	-	-	-	-	-	-	-
(2) Share capital increased by surplus reserve transfer	-	-	-	-	-	-	-	-	-
(3) Transfer of surplus reserve to offset losses	-	-	-	-	-	-	-	-	-
(4) Changes arising from defined benefit plan transferred to retained earnings	-	-	-	-	-	-	-	-	-
IV.Balance at the end of the year	949,289,000.00	9,996,921,663.15	-	(230,006,657.49)	87,820,752.64	-	1,886,188,764.28	1,012,646,619.95	13,702,860,142.53

These financial statements were approved by the Board of Directors of the Company on 22 April 2019.

Wang Jianfeng Legal Representative (Signature and stamp)	Li Junyu The person in charge of accounting affairs (Signature and stamp)	Zhang Yu The head of the accounting department (Signature and stamp)	(Company stamp)

The notes on pages 24 to 142 form part of these financial statements.

Ningbo Joyson Electronic Corp.
Company statement of changes in shareholders' equity for the year ended 31 December 2018
(Expressed in Renminbi Yuan)

	2018							
	Share capital	*Capital reserve*	*Less: Treasury shares*	*Other comprehensive income*	*Specific reserve*	*Surplus reserve*	*Retained earning*	*Total*
I.Balance at the beginning of the year	949,289,000.00	11,290,260,012.70	-	15,850,300.00	-	41,915,183.73	117,402,923.76	12,414,717,420.19
Add: Changes in accounting policies	-	-	-	-	-	-	-	-
Corrections of prior period errors	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
II.Balance at the beginning of the year	949,289,000.00	11,290,260,012.70	-	15,850,300.00	-	41,915,183.73	117,402,923.76	12,414,717,420.19
III.Changes in equity during the year ("-" for decreases)	-	-	(1,801,064,356.53)	(15,850,300.00)	-	-	(274,326,105.68)	(2,091,240,762.21)
1.Total comprehensive income	-	-		(15,850,300.00)	-	-	(179,397,205.68)	(195,247,505.68)
2.Shareholders' contributions and decrease of capital	-	-	(1,801,064,356.53)	-	-	-	-	(1,801,064,356.53)
(1) Contribution by ordinary shareholders	-	-	-	-	-	-	-	-
(2) Contribution by holders of other equity instruments	-	-	-	-	-	-	-	-
(3) Equity-settled share-based payments	-	-	-	-	-	-	-	-
(4) Others	-	-	(1,801,064,356.53)	-	-	-	-	(1,801,064,356.53)
3.Appropriation of profits	-	-	-	-	-	-	(94,928,900.00)	(94,928,900.00)
(1) Appropriation for surplus reserve	-	-	-	-	-	-	-	-
(2) Distributions to shareholders	-	-	-	-	-	-	(94,928,900.00)	(94,928,900.00)
(3) Others	-	-	-	-	-	-	-	-

The notes on pages 24 to 142 form part of these financial statements.

Ningbo Joyson Electronic Corp.
Company statement of changes in shareholders' equity for the year ended 31 December 2018(continued)
(Expressed in Renminbi Yuan)

	2018							
	Share capital	*Capital reserve*	*Less: Treasury shares*	*Other comprehensive income*	*Specific reserve*	*Surplus reserve*	*Retained earning*	*Total*
4.Transfer within equity	-	-	-	-	-	-	-	-
(1) Share capital increased by capital reserve transfer	-	-	-	-	-	-	-	-
(2) Share capital increased by surplus reserve transfer	-	-	-	-	-	-	-	-
(3) Transfer of surplus reserve to offset losses	-	-	-	-	-	-	-	-
(4) Changes arising from defined benefit plan transferred to retained earnings	-	-	-	-	-	-	-	-
(5) Others	-	-	-	-	-	-	-	-
IV.Balance at the end of the year	949,289,000.00	11,290,260,012.70	(1,801,064,356.53)	-	-	41,915,183.73	(156,923,181.92)	10,323,476,657.98

These financial statements were approved by the Board of Directors of the Company on 22 April 2019.

Wang Jianfeng Legal Representative (Signature and stamp)	Li Junyu The person in charge of accounting affairs (Signature and stamp)	Zhang Yu The head of the accounting department (Signature and stamp)	(Company stamp)

The notes on pages 24 to 142 form part of these financial statements.

Ningbo Joyson Electronic Corp.
Company statement of changes in shareholders' equity for the year ended 31 December 2017
(Expressed in Renminbi Yuan)

	2017							
	Share capital	*Capital reserve*	*Less: Treasury shares*	*Other comprehensive income*	*Specific reserve*	*Surplus reserve*	*Retained earning*	*Total*
I.Balance at the beginning of the year	949,289,000.00	11,290,260,012.70	-	(24,429,700.00)		30,298,016.13	202,706,215.34	12,448,123,544.17
Add: Changes in accounting policies	-	-	-	-	-	-	-	-
Corrections of prior period errors	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
II.Balance at the beginning of the year	949,289,000.00	11,290,260,012.70	-	(24,429,700.00)		30,298,016.13	202,706,215.34	12,448,123,544.17
III.Changes in equity during the year ("-" for decreases)	-	-	-	40,280,000.00	-	11,617,167.60	(85,303,291.58)	(33,406,123.98)
1.Total comprehensive income	-	-	-	40,280,000.00	-	-	116,171,676.02	156,451,676.02
2.Shareholders' contributions and decrease of capital	-	-	-	-	-	-	-	-
(1) Contribution by ordinary shareholders	-	-	-	-	-	-	-	-
(2) Contribution by holders of other equity instruments	-	-	-	-	-	-	-	-
(3) Equity-settled share-based payments	-	-	-	-	-	-	-	-
(4) Others	-	-	-	-	-	-	-	-
3.Appropriation of profits	-	-	-	-	-	11,617,167.60	(201,474,967.60)	(189,857,800.00)
(1) Appropriation for surplus reserve	-	-	-	-	-	11,617,167.60	(11,617,167.60)	-
(2) Distributions to shareholders	-	-	-	-	-	-	(189,857,800.00)	(189,857,800.00)
(3) Others	-	-	-	-	-	-	-	-

The notes on pages 24 to 142 form part of these financial statements.

Ningbo Joyson Electronic Corp.
Company statement of changes in shareholders' equity for the year ended 31 December 2017(continued)
(Expressed in Renminbi Yuan)

	2017							
	Share capital	*Capital reserve*	*Less: Treasury shares*	*Other comprehensive income*	*Specific reserve*	*Surplus reserve*	*Retained earning*	*Total*
4.Transfer within equity	-	-	-	-	-	-	-	-
(1) Share capital increased by capital reserve transfer	-	-	-	-	-	-	-	-
(2) Share capital increased by surplus reserve transfer	-	-	-	-	-	-	-	-
(3) Transfer of surplus reserve to offset losses	-	-	-	-	-	-	-	-
(4) Changes arising from defined benefit plan transferred to retained earnings	-	-	-	-	-	-	-	-
(5) Others	-	-	-	-	-	-	-	-
IV.Balance at the end of the year	949,289,000.00	11,290,260,012.70	-	15,850,300.00	-	41,915,183.73	117,402,923.76	12,414,717,420.19

These financial statements were approved by the Board of Directors of the Company on 22 April 2019.

Wang Jianfeng	Li Junyu	Zhang Yu	(Company
Legal Representative	The person in charge of accounting affairs	The head of the accounting department	stamp)
(Signature and stamp)	(Signature and stamp)	(Signature and stamp)	

The notes on pages 24 to 142 form part of these financial statements.

I. Basic information of the company

1. Company status

Ningbo Joyson Electronic Co., Ltd. (originally named "Liaoyuan Deheng Co., Ltd." and was renamed "Liaoyuan Joyson Electronics Co., Ltd.", it was changed to current name in February 2014, hereinafter referred to as "Joyson Electronics" or "the Company"), formerly known as Liaoyuan Deheng Co., Ltd, was established on 7 August 1992, registered with Liaoyuan City Business Administration, and approved by Jilin Province Economic Reform Committee, numbered Ji Gai Pi [1992] No.40. Led by Liaoyuan Chemical Fiber Corporation, the Company cooperated with Shanghai Second Textile Machine Co., Ltd., China Chemical Fiber Company and China Jilin International Economic Technical Cooperation Company to establish a directional raising funds company. The raised shares amounted to 65,000,000, with par value of RMB 1.00 yuan per share.

On 10 November 1993, upon the approval of Zheng Jian Fa Shen Zi [1993] No. 69 issed by the China Securities Regulatory Commission, Liaoyuan Deheng Co., Ltd. ("Deheng") raised capital from public by issuing 25,000,000 ordinary shares, totaling 90,000,000 shares thereafter. The increased shares were listed on Shanghai Stock Exchange on 6 December 1993.

The 12th meeting of the 6th Board of Directors of the Company on 15 April 2011 and the 2nd extraordinary shareholders' meeting of the Company on 9 May 2011 approved Proposal on the Relevant Conditions of Significant Assets Restructuring and Non-public Offering of Stock of Liaoyuan Deheng Co., Ltd., the Proposal on the Specific Scheme of Significant Assets Restructuring and Assets Purchase by Issuing Shares and Related Party Transactions of Liaoyuan Deheng Co., Ltd., the Proposal on Signing the "Report on Assets Purchase by Issuing Shares and Related Party Transactions of Liaoyuan Deheng Co., Ltd. (draft)" to carry out significant assets restructuring of the Company. On 29 November 2011, China Securities Regulatory Commission issued the Reply on the Approval of Liaoyuan Deheng Co., Ltd. to Purchase Assets by Issuing Shares to Ningbo Joyson Investment Group Co., Ltd. (Zheng Jian Xu Ke (2011) No.1905), approving Liaoyuan Deheng Co., Ltd to purchase assets by issuing shares to Joyson Holding Co., Ltd (formely "Ningbo Joyson Investment Group Co., Ltd.", "Joyson Group") and persons acting in concert. On 13 December 2011, the renewed registration of relevant assets was completed. The 75% equity of Joyson Electronics, 100% equity of Changchun Joyson Auto Parts Co., Ltd., 82.3% equity of Huade Plastic Manufacturing Co., Ltd. and 100% of Shanghai Huade Benyuan Auto Mirror Co., Ltd. held by Joyson Group and persons acting in concert have all been transferred to Liaoyuan Deheng Co., Ltd. This significant transaction of assets transfer has been completed.

On 29 March 2012, upon the approval of the 6th meeting of the 7th Board of Directors, the Company purchased 74.90% equity of Preh Holding GmbH (hereinafter referred to as “Preh Holding”) and 5.10% equity of Preh GmbH (hereinafter referred to as "Preh") by issuing shares, in the meantime, the Company also purchased 25.10% equity of Preh Holding held by DB AGFund IV GmbH & Co. KG and other institutions and individuals by cash payment. Upon the completion of the transaction, the Company held 100% equity of Preh Holdings and 5.10% of Preh. As at 14 December 2012, Preh Holdings and Preh completed the registration of changes in equity and their corresponding equity has been transferred to the Company.

Upon the approval of the 9th meeting of the 8th Board of Directors of the Company on 15 December 2014 and the 1st extraordinary shareholders' meeting on 12 February 2015, the Company acquired 100% equity of Quin GmbH (“Quin”) by raising funds through non-public offering of shares. As at 27 January 2015 (German time), the transfer of 75% shares of Quin has been completed.

Upon the approval of the 25th meeting of the 8th Board of Directors of the Company on 29 January 2016 and the 3rd extraordinary shareholders' meeting on 25 April 2016, the newly established wholly-owned subsidiary of the Company - Knight Merger Inc. merged KSS Holdings, Inc. (hereinafter referred to as "KSS"), and another subsidiary of the Company - Preh, purchased the automobile information segment of TechniSat Digital GmbH, Daun with the Company. On 4 February 2016, the 26th meeting of the 8th Board of Directors approved relevant proposals for the non-public issuance of shares, so as to raise the funds from non-public offering of shares to replace part of the consideration paid by the Company previously for the automobile information segment of KSS and TechniSat Digital GmbH previously using self-raised funds. As at 29 April 2016 and 2 June 2016, the acquisition of the automobile information segment business of TechniSat Digital GmbH and the acquisition of 100% equity in KSS have been completed respectively.

Upon the approval of 36th meeting of the 8th Board of Director of the Company on 14 April 2017 and the annual shareholder’s meeting of 2016 on 5 May 2017 in reseptive of changing the investor of certain fund-rasing project, Ningbo JOYSONQUIN Automotive Systems Holdings Co., Ltd. , a wholly-owned subsidiary (formerly known as “Ningbo Joyson Automotive Electronics Co., Ltd.”, hereinafter referred to as “Joyson Automotive”) would pay RMB 171,250,964.62 to acquire the reamaining 25% share of Quin. As at 10 January 2018, Joyson Automotive has completed the acquisition of the above 25% share of Quin.

Upon the approval of the 2nd, 6th and 7th meetings of the 9th Board of Directors on 24 June, 10 November, and 21 November 2017, and the 2nd extraordinary shareholders’ meeting of 2017 on 12 December 2017, the Company acquired the business of the liquidated

Upon the approval of the 13th meeting of the 9th Board of Director of the Company on 2 May 2018 and the annual shareholders' meeting of 2017 on 23 May 2018, the Company repurchased part of its public shares using its own funds no less than RMB 1.8 billion but no more than RMB 2.2 billion. The repurchase price does not exceed RMB 27.50 per share and the number of repurchase shares is not less than 65,454,500 shares, representing not less than 6.89% of the total shares issued by the Company (the Company's total number of shares is 949,289,000). As at 23 November 2018, the accumulated shares repurchased by the Company is 71,958,239, representing 7.58% of the Company's total number of shares.

III. Significant accounting policies and accounting estimates

1. Statement of compliance

The financial statements have been prepared in accordance with the requirements of Accounting Standards for Business Enterprises or referred to as China Accounting Standards ("CAS") issued by the Ministry of Finance ("MOF"). These financial statements present truly and completely the consolidated financial position and financial position of the Company as at 31 December 2018, and the consolidated financial performance and financial performance and the consolidated cash flows and cash flows of the Company for the year then ended.

These financial statements also comply with the disclosure requirements of "Regulation on the Preparation of Information Disclosures by Companies Issuing Securities, No. 15: General Requirements for Financial Reports" as revised by the China Securities Regulatory Commission ("CSRC") in 2014.

2. Accounting period

The accounting period is from 1 January to 31 December.

3. Operating cycle

The Company takes the period from the acquisition of assets for processing to until the ultimate realisation of cash or cash equivalents as a normal operating cycle. The operating cycle of the Company is usually 12 months, and is used to classify the liquidity of assets and liabilities.

4. Functional currency

The Company's functional currency is Renminbi and these financial statements are presented in Renminbi. Functional currency for consolidating the components of the Group are US Dollar, Mexican Peso, Brazilian Real, Hungarian Forint, Thai Baht, Indonesian Rupiah, Malaysian Ringgit, Philippine Peso, Russian Ruble, South African Rand, Sterling Pound, Euro, Romanian Leu, Polish Zloty, Indian Rupee, Japanese Yen, Korean Won and Renminbi respectively. Financial statements that are denominated in what is different from the Company's functional currency (other than Renminbi) have been translated from their functional currency to Renminbi (see Note III.9).

5. Accounting treatments for business combinations involving entities under common control and not under common control

Business combination is the transaction between two separate companies or more which are combined into one reporting entity. The business combination includes business combinations involving entities under common control and business combinations involving entities not under common control.

The deductible temporary difference that the acquirer obtained from the acquiree wasn't confirmed because of not fitting for the confirmation condition of the deferred tax asset recognition on the purchase date. It will be recognised if the purchaser obtains new or further information indicating that the situation above exists and the purchaser's economic benefits created from the deductible temporary differences can be achieved on the purchase date. Meanwhile, the goodwill should be offset. If the goodwill is not adequate, the difference will be recognised as profit or loss for the current period. In addition to the above, the recognition of deferred income tax assets related to business combination -11.2 (w)2.6 pa2c 7,8(ndi)2.6(addi)0(q)-11

(2). Subsidiaries acquired through a business combination

From the date of obtaining the actual control of the net assets and production and operation decisions of the subsidiaries, the Group began to incorporate them into the scope of consolidation; from the date of loss of actual control, the Group ceased to include them in the consolidation scope. For the disposal of subsidiaries, the results of operations and cash flows prior to disposal have been properly included in the consolidated income statement and consolidated cash flow statement; the subsidiaries disposed in the current period shall not adjust the beginning balance of the consolidated balance sheet.Where a subsidiary was acquired during the reporting period, through a business combination involving entities not under common control, the identifiable assets and liabilities of the acquired subsidiaries are included in the scope of consolidation from the date that control commences, based on the fair value of those identifiable assets and liabilities at the acquisition date. The business results and cash flows of the subsidiaries acquired not under the common control are included in the consolidated income statement and consolidated cash flow statement as appropriate, and the opening balance and the balance of the consolidated financial statements are not adjusted. Where a subsidiary was acquired during the reporting period, through a business combination involving entities under common control, the financial statements of the subsidiary are included in the consolidated financial statements based on the carrying amounts of the assets and liabilities of the subsidiary in the financial statements of the ultimate controlling party as if the combination had occurred at the date that the ultimate controlling party first obtained control. The opening balances and the comparative figures of the consolidated financial statements are also restated.The operating results and cash flows of the subsidiaries under the common control from the beginning of the current period to the combination date are appropriately included in the consolidated income statement and consolidated cash flow statement, and the comparative figures of the consolidated financial statements are adjusted at the same time.

In the preparation of the consolidated financial statements, if the accounting policies or accounting periods adopted by the subsidiaries and the Company are not consistent, the financial statements of the subsidiaries shall be adjusted in accordance with the Company's accounting policies and accounting periods. For the subsidiaries acquired through business combination not under the common control, the financial statements are adjusted based on the fair value of the identifiable net assets at the acquisition date.

All significant balances, transactions and unrealised profits in the Group are offset in the preparation of the consolidated financial statements. For unrealised loss from the intra-group transactions, where there is evidence that indicates the loss is related to the impairment loss of relevant assets, the loss shall be recognised fully.

The shareholders’ equity, current net profit or loss and comprehensive income of the subsidiary that are not separately attributable to the Company are presented separately as minority interests, profit or loss and other comprehensive income for minority shareholders in the consolidated financial statements under shareholders' equity, net profit and comprehensive income. The portion of the net profits and losses of the subsidiaries in the current period is listed as "minority shareholders' profit and loss" under the item of net profit in the consolidated income statement. If the losses of the subsidiaries shared by the minority shareholders are higher than the minority shareholders' share at the beginning shareholders' equity of the subsidiary, and the minority interests are still offset.

The Group as a party of joint arrangement recognises the assets held jointly by the Group, the liabilities assumed by the Group alone and the jointly held assets and liabilities recognised in accordance with the share of the Group. As a joint venture, the Group recognises that the Group 's share of the common operating assets; the recognition of the expenses incurred by the Group as a result of the sale of the Group; and the recognition of the costs of the joint operation in accordance with the share of the Group. When the Group invests or sells assets jointly as a joint venture (the asset does not constitute a business, the same below), or purchases assets from a joint operation, The Group only recognises that the

Objective evidence that a financial asset is impaired includes but is not limited to:

(a) significant financial difficulty of the issuer or obligor;
(b) a breach of contract by the borrower, such as a default or delinquency in interest or principal payments;
(c) it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
(d) the disappearance of an active market for that financial asset because of financial difficulties faced by the issuer;
(e) significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, indicating that the cost of an investment in an equity instrument may not be recovered by the investor;
(f) a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

For the calculation method of impairment of receivables, refer to Note III.11. The impairment of other financial assets is measured as follows:

- Held-to-maturity investments

  The carrying amount of the financial assets measured at cost or amortised cost is reduced to the present value of the expected future cash flows and recognised as an impairment loss in the current profits and losses. If, after an impairment loss has been recognised on held-to-maturity investments, there is a recovery in the value of the financial asset which can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss. A reversal of an impairment loss will not result in the asset's carrying amount exceeding what the amortised cost would have been had no impairment loss been recognised in prior years.

- Available-for-sale financial assets

  When the relevant factors determine that the fair value of the available-for-sale equity instrument is a serious or non-temporary decrease, it indicates that the available-for-sale equity investment is impaired.

  When an available-for-sale financial asset is impaired, the cumulative loss arising from decline in fair value that has been recognised directly in shareholders' equity is reclassified to profit or loss even though the financial asset has not been derecognised The cumulative loss transferred out is the initial acquisition cost of the asset, principal amount and amortised amount, the current fair value and the impairment loss originally recorded in the profit and loss.

  If, after an impairment loss has been recognised on an available-for-sale debt instrument, the fair value of the debt instrument increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. An impairment loss recognised for an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss.

  The impairment loss on an investment in unquoted equity instrument whose fair value cannot be reliably measured or a derivative financial asset that is linked to and must be settled by delivery of an equity instrument are not reversed.

(6). Derivatives and embedded derivative instruments

Derivative instruments are initially measured at fair value on the date of signing of the relevant contract and are subsequently measured at fair value. Except for the hedging instruments designated as hedging instruments that are highly effective in hedging, whose gains or losses arising from changes in their fair value will be determined based on the nature of the hedge relationship in accordance with the requirements of the hedge accounting period, other derivative instruments' changes in fair value are recognised in current profit or loss.

(7). Equity instruments

An equity instrument is a contract that proves that the Company has a residual interest in the assets after deducting all liabilities. The Company issues (including refinancing), repurchases, sells or writes off equity instruments which are accounted for as equity changes. Changes in the fair value of equity instruments are not recognised. Transaction costs related to equity transactions are deducted from equity.

When the Company repurchases its own shares, those shares are treated as treasury shares. All expenditure relating to the repurchase is recorded in the cost of the treasury shares, with the transaction recording in the share register. Treasury shares are excluded from profit distributions and are presented as a deduction under shareholders' equity in the balance sheet.

When treasury shares are cancelled, the share capital should be reduced to the extent of the total par value of the treasury shares cancelled. Where the cost of the treasury shares cancelled exceeds the total par value, the excess is deducted from capital reserve (share premium), surplus reserve and retained earnings sequentially. If the cost of treasury shares cancelled is less than the total par value, the difference is credited to the capital reserve (share premium).

When treasury shares are disposed of, any excess of proceeds above cost is recognised in capital reserve (share premium); otherwise, the shortfall is deducted against capital reserve (share premium), surplus reserve and retained earnings sequentially.

(8). Convertible instruments

- Convertible instruments containing an equity component

  Convertible instruments issued by the Group that can be converted to equity shares, where the number of shares to be issued and the value of consideration to be received at that time do not vary, are accounted for as compound financial instruments containing both liability and equity components.

  The initial carrying amount of a compound financial instrument is allocated to its equity and liability components. The amount recognised in the equity is the difference between the fair value of the instrument as a whole and the separately determined fair value of the liability component (including the fair value of any embedded derivatives other than the equity component). Transaction costs that relate to the issuance of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds.

Subsequent to initial recognition, the liability component is measured at amortised cost using the effective interest method, unless it is designated upon recognition at fair value through profit or loss. The equity component is not re-measured.

If the convertible instrument is converted, the liability component, together with the equity component, is transferred to equity. If the convertible instrument is redeemed, the consideration paid for the redemption, together with the transaction costs that relate to the redemption, are allocated to the liability and equity components.The method used to allocate the consideration and transaction costs is the same as that used for issuance. After allocating the consideration and transaction costs, the difference between the allocated and carrying amounts is charged to profit and loss if it relates to the liability component or is directly recognised in equity if it relates to the equity component.

- Other convertible instruments not containing an equity component

  For other convertible instruments issued by the Group which do not contain an equity component, at initial recognition, the derivative component is measured at fair value, and any excess of proceeds over the derivative component is recognised as the liability component.

  The derivative component is subsequently measured at fair value, and gains or losses from the changes in the fair value are recognised in profit or loss. The liability component is subsequently carried at amortised cost using the effective interest method.

  On conversion, the carrying amounts of the derivative and liability components are transferred to equity. If the instrument is redeemed, any difference between the redemption amount paid and the carrying amounts of both components is recognised in profit or loss.

(9). Preference shares and perpetual bonds

The preferred shares, perpetual bonds and other financial instruments issued by the Group are classified as financial assets, financial liabilities or equity instruments based on their economic substance after considering the definition of financial assets, financial liabilities and equity instruments. Preferred shares, perpetual bonds shall be recognised as equity instrument if they meet following requirements

Such financial instruments do not include cash payment, other financial asset payment, contracts that include obligations to exchange financial assets or liabilities under adverse conditions;

If the financial instrument is a non-derivative instrument, it does not include a contractual obligation to deliver a variable quantity of its own equity instrument for settlement; if it is a derivative instrument, it can only be settled by exchanging a fixed amount of cash or other financial assets with a fixed number of Company’s own equity instruments.

In addition to the financial instruments classified as equity instruments in accordance with the above conditions, other financial instruments issued by the Group shall be classified as financial liabilities.

If the financial instruments issued by the Group are compound financial instruments, they are recognised as liabilities at fair value, and the amount after deducting the liabilities is recognised as other equity instruments. The transaction costs incurred in the issuance of the compound financial instruments shall be allocated among the liabilities component and the equity component in proportion to their respective total issue price.

Financial instruments classified as financial liabilities, such as preference shares and perpetual bonds, related interest, dividends, gains or losses, and gains or losses arising from redemption or refinancing, except for borrowings that meet capitalisation conditions The expenses (see Note III.17) are included in profit or loss.

Financial instruments classified as financial liabilities, such as preference shares and perpetual bonds, its issuance (including refinancing), repurchase, sales or write-off are accounted for as equity changes, and related transaction costs are also deducted from equity. The distribution of dividends to holders of equity instruments is recognised as profit distribution.

Changes in the fair value of equity instruments are not recognised.

11. Receivables

The Group assesses the carrying amount of the receivables at the balance sheet date and makes provision for impairment if the following objective evidences indicate that the receivables are impaired:

- the debtor has serious financial difficulties;
- the debtor breached the terms of the contract (such as the payment of interest or principal occurred default or overdue, etc.);
- the debtor is likely to close down or other financial restructuring;
- other receivables that impaired the objective basis.

Receivables are assessed for impairment on an individual basis and on a collective group basis as follows.

Where impairment is assessed on an individual basis, an impairment loss in respect of a receivable is calculated as the excess of its carrying amount over the present value of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the original effective interest rate. Impairment losses are recognised in profit or loss.

The assessment is made collectively where receivables share similar credit risk characteristics (including those not having been individually assessed as impaired), based on their historical loss experiences, and adjusted by the observable factors reflecting current economic conditions.

If there is a recovery in the value of the financial asset which can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss. A reversal of an impairment loss will not result in the asset's carrying amount exceeding what the amortised cost would have been had no impairment loss been recognised in prior years at the date the impairment is reversed.

Where the Group transfers receivables to financial institutions without recourse, the difference between the carrying amount of the accounts receivable after deducting the book value of the accounts receivable and the related taxes and fees shall be recorded in the profit or loss.

(1). Receivables that are individually significant and assessed individually for impairment:

Judgement basis or criteria for receivables that are individually significant	For the Group's subsidiaries in China, the Group shall recognise the receivables with the amount of RMB 5p

In the portfolio, the aging analysis method used to make provision for bad debts

Ageing	*Provision as a percentage of accounts receivable (%)*			*Provision as a percentage of other receivable (%)*
	Domestic automotive components business	*Overseas automotive components business*	*Automobile safety business*	
Within 1 year (inclusive)				
Including: Within 90 days (inclusive)	0	0	0	5
Over 90 days but within 120 days (inclusive)	0	50	25	5
Over 120 days but within 180 days (inclusive)	0	100	25	5
Over 180 days but within 270 days (inclusive)	5	100	50	5
Over 270 days but within 360 days (inclusive)	5	100	75	5
Over 1 year but within 2 years (inclusive)	10	100	100	10
Over 2 years but within 3 years (inclusive)	20	100	100	20
Over 3 years but within 4 years (inclusive)	50	100	100	50
Over 4 years but within 5 years (inclusive)	80	100	100	80
Over 5 years	100	100	100	100

The provisioning for groups of receivables using the percentage of balance method:

Name of group	Provision as a percentage of accounts receivable (%)
Human-computer interaction products and intelligent auto interconnection business	1.00-1.50

(3). Receivables that are individually insignificant but assessed for impairment individually

Reasons for assessing individually for impairment of receivables that are individually insignificant.	The estimated future cash flows of a receivable discounted at the original interest rate (excluding future credit losses that have not been incurred) is lower than its carrying amount.
Method of provisioning for bad and doubtful debts.	To receivables that are individually insignificant but assessed individually for impairment, an impairment loss in respect of a receivable is calculated as the excess of its carrying amount over the present value of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the original effective interest rate.

(4). Inventory count system

The Company maintains a perpetual inventory system.

(5). Amortisation of low - value consumables and packaging materials

The low-value consumables are amortised at one-off amortisation method at the time of requisition, and included in the costs of relevant assets or profit or loss.

13. Assets held for sale

The Group classified a non-current asset or disposal group as held for sale when the carrying amount of a non-current asset or disposal group will be recovered through a sale transaction rather than through continuing use.

A disposal group refers to a group of assets to be disposed of, by sale or otherwise, together as a whole in a single transaction and liabilities directly associated with those assets that will be transferred in the transaction.

A non-current asset or disposal group is classified as held for sale when all the following criterias are met:

- According to the customary practices of selling such asset or disposal group in similar transactions, the non-current asset or disposal group must be available for immediate sale in their present condition subject to terms that are usual and customary for sales of such assets or disposal groups;

- Its sale is highly probable, that is, the Group has made a resolution on a sale plan and has obtained a firm purchase commitment. The sale is to be completed within one year.

Non-current assets or disposal groups held for sale are stated at the lower of carrying amount and fair value (see Note III.10) less costs to sell (except financial assets (see note III.9), deferred tax assets (see note III.26) and investment properties with subsequent measurement using the fair value model (see Note III.13)) initially and subsequently. Any excess of the carrying amount over the fair value less costs to sell is recognised as an impairment loss in profit or loss.

14. Fixed assets

(1). Recognition of fixed assets

Fixed assets are tangible assets held by the Company for production, rendering of services, leasing or administration with a useful life exceeding one year. Fixed assets shall be recognised only when it is probable that economic benefits will flow to the Company and the amounts can be reliably I. (i)2.70.6 (t)53 (Fi)2.6(s)-53 T (m)-6 (h ( )10.9 (t1-17.5 (ai)13.(x)8.9 (ed as)-2 as)

Where the parts of an item of fixed assets have different useful lives or provide benefits to the Group in a different pattern, thus necessitating use of different depreciation rates or methods, each part is recognised as a separate fixed asset.

Any subsequent costs including the cost of replacing part of an item of fixed assets are recognised as assets when it is probable that the economic benefits associated with the costs will flow to the Group, and the carrying amount of the replaced part is derecognised. The costs of the day-to-day maintenance of fixed assets are recognised in profit or loss as incurred.

Useful lives, residual values and depreciation methods are reviewed at least at each year-end, in case of any changes, they will be accounted for as changes in accounting estimates. Fixed assets are stated in the balance sheet at cost less accumulated depreciation and impairment losses.

(2). Depreciation of fixed assets

Fixed assets are depreciated using the straight-line method to allocate the cost of the assets to their estimated residual values over their estimated useful lives. The estimated useful lives, residual value rates and depreciation rates of each class of fixed assets are as follows:

Class	*Depreciation method*	*Estimated useful life (years)*	*Residual value rate (%)*	*Depreciation rate (%)*
Plant and buildings	Straight-line method	10 - 50 years	0 - 10	2 - 10
Machinery and equipment	Straight-line method	3 - 15 years	0 - 10	6 - 20
Other equipment	Straight-line method	5 years	4 - 10	18 - 19
Motor vehicles	Straight-line method	2 - 20 years	0 - 10	5 - 50
Land	No Depreciation	Not definite	0	0

The estimated net residual value is the amount after deducting the estimated disposal cost from the disposal of the asset, which is assumed by the Company when the estimated useful life of the fixed asset is full and at the end of its useful life.

The overseas land held by the Group is in possession of ownership, without definite useful life, therefore, no provision is made, and it is stated in the balance sheet at cost less accumulated impairment losses.

(3). Impairment of the fixed assets

For the impairment of the fixed assets, refer to Note III.19.

(4). Reognition, measurement and depreciation of fixed assets acquired under finance leases

A financial lease is a lease that transfers substantially all of the risks and rewards associated with the ownership of the property, and the ownership may or may not be transferred eventually.The fixed assets acquired under finance leases are depreciated using the same policy as the self-owned fixed assets. If it is reasonable to determine that the ownership of the leased asset can be acquired at the expiry of the lease term, it shall be depreciated over the useful life of the leased asset. If it is not reasonable to determine that the ownership of the leased asset can be acquired after the expiration of the lease term, it shall be depreciated over the shorter of the lease term and the useful life of the leased asset.

(5). Disposal of fixed assets

When the fixed asset is holding for disposal or when no future economic benefit is expected to be generated from its use or disposal, the carrying amount of a fixed asset is derecognised. Gains or losses arising from the retirement or disposal of an item of fixed asset are determined as the difference between the net disposal proceeds and the carrying amount of the item, and are recognised in profit or loss on the date of retirement or disposal.

15. Long-term equity investments

Long-term equity investments referred to in this section refer to long-term investments in which the Company has control, joint control or significant influence over the investee. The Company's long-term equity investments that have no control, joint control or significant influence over the investee are accounted for as available-for-sale financial assets or at fair value through profit or loss (Note III.10).

The term "joint control" refers to the control that the Company has in common with an arrangement in accordance with the relevant agreement, and the related activities (i.e. the activities with significant influences over the rewards of the arrangements) of the arrangement must be agreed upon by the participants who share the control.

When determining whether there is joint control over an investee, the Group usually considers the following factors:

- Whether any participant can not control the related activities of the invested entity alone;

- Whether decisions concerning the related activities of the invested entity need to be agreed by the controlling parties.

Significant influence means that the Company has the right to participate in decision-making on the financial and operating policies of the investee, but it cannot control or jointly control the formulation of these policies with other parties.

(1). Initial recognition

- The initial cost of a long-term equity investment acquired through a business combination involving entities under common control is the Company's share of the carrying amount of the subsidiary's equity in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the initial investment cost and the carrying amount of the consideration given is adjusted to the share premium in the capital reserve, with any excess adjusted to retained earnings. For a long-term equity investment in a subsidiary acquired through a business combination achieved in stages which do not form a bundled transaction and involving entities under common control, the Company determines the initial cost of the investment in accordance with the above policies. The difference between this initial cost and the sum of the carrying amount of previously-held investment and the consideration paid for the shares newly acquired is adjusted to capital premium in the capital reserve, with any excess adjusted to retained earnings.

- For a long-term equity investment obtained through a business combination not involving entities under common control, the initial cost comprises the aggregate of the fair value of assets transferred, liabilities incurred or assumed, and equity securities issued by the Company, in exchange for control of the acquiree. For a long-term equity investment obtained through a business combination not involving entities under common control and achieved through multiple transactions in stages which do not form a bundled transaction, the initial cost comprises the carrying amount of the previously-held equity investment in the acquiree immediately before the acquisition date, and the additional investment cost at the acquisition date.

  The intermediary fees, such as audit, legal service, assessment consultation and other related management expenses incurred by the merger party or the purchaser for the business combination shall be recorded into the profit or loss at the time of occurrence.

- Other equity investments other than long-term equity investment arising from business combination are initially measured at cost. The cost is determined by the difference between the cash purchase price actually paid by the Company and the equity securities issued by the Company in respect of the long-term investment. Fair value, the value agreed upon in the investment contract or agreement, the fair value or the book value of the assets transferred out in the non-monetary asset exchange transaction, and the fair value of the long-term equity investment. The costs, taxes and other necessary expenses directly related to the acquisition of the long-term investment are included in the investment cost.

(2). Subsequent measurement

Unless the investments are qualified for held for sale (See Note III.13), long-term investments with common control over the investees (other than those that form a common operating entity) or significant influence are accounted for using the equity method. In addition, the Company adopts the cost method to calculate the long-term investment that can control the investee.

- Long-term equity investment accounted for using the cost method

  When the cost method is adopted, the long-term equity investment is measured at the initial investment cost, and the cost of the long-term investment is added or withdrawn. The investment income is recognised in cash dividends or profits declared by the investee, except for the actual paid price or cash dividend declared or unpaid cash dividend or profit included in the consideration.

  Long-term equity investment accounted for using the cost method are stated in the balance sheet at cost less accumulated impairment losses.

  For the impairment of long-term equity investment accounted for using the cost method, refer to Note III.19.

  In the Group's consolidated financial statements, long-term equity investment accounted for using the cost method are accounted for in accordance with the policies described in Note III.6.

- Long-term equity investment accounted for using the equity method

  When the initial investment cost of a long-term equity investment is greater than the fair value of the investee's identifiable net assets at the time of investment, the initial investment cost of the long-term equity vestment shall not be adjusted. When the initial investment cost is less than the investment, the difference between the investment cost and the fair value of the investee's identifiable net assets at the time of investment shall be included in profit or loss and the cost of the long-term equity investment shall be adjusted accordingly.

  When the equity method is adopted, the Group recognises its share of the investee's net profits or losses, as well as other comprehensive income, as investment income or losses and other comprehensive income, and adjusts the carrying amount of the long-term equity investment accordingly. The carrying amount of the long-term equity investment is reduced by the portion of any profit distribution or cash dividends declared by the investee. The changes in the investee's owners' equity, other than those arising from the investee's net profit or loss, other comprehensive income or profit distribution, is recognised in the capital reserve, and the carrying amount of the long-term equity investment is adjusted accordingly. The Group recognises its share of the investee's net profits or losses after making appropriate adjustments based on the fair value of the investee's identifiable net assets at the acquisition date. Where the accounting policies and accounting period adopted by the investee are not consistent with those used by the Group, the Group uses its own accounting policies and accounting period, adjust the relevant items of the financial statements of the investee, and recognise investment income or loss and other comprehensive income, based on the adjusted financial statements of the investee. The unrealised profits or losses resulting from transactions between the Group and its associate or joint venture in which the invested or sold assets do not constitute a business shall be eliminated in proportion to the Group's equity interest in the investee, based on which investment income or losses is recognised. Any losses resulting from transactions between the Group and its investee, which are attributable to asset impairment, is recognised in full instead of being eliminated.

When the net loss attributable to the investee is recognised, the book value of the long-term equity investment and other long-term equity investments which substantially constitute the net investment in the investee is reduced to zero. In addition, if the Group has the obligation to bear additional losses on the investee, it recognises the estimated liabilities according to the obligation assumed and take into account the current investment loss. If the investee's net profit is realised in a later period, the Group will resume the recognition of the amount of the share of proceeds after the amount of the share of profits has made up the unrecognised loss share.

For the impairment of long-term equity investment accounted for using the equity method, refer to Note III.19.

16. Construction in progress

The cost of construction in progress is determined according to the actual expenditure incurred, including all necessary construction expenditures incurred during the construction period and other relevant expenses. The cost of self-constructed assets includes the cost of materials, direct labour, capitalised borrowing costs (see Note III.17), and any other costs directly attributable to bringing the asset to working condition for its intended use. A self-constructed asset is classified as construction in progress and transferred to fixed asset when it is ready for its intended use. No depreciation is provided against construction in progress.

For the impairment of the construction in progress, refer to Note III.19.

17. Borrowing costs

Borrowing costs include interest on borrowings, amortisation of discounts or premiums, ancillary expenses and exchange differences arising from foreign currency borrowings. Borrowing costs that can be directly attributable to the acquisition, construction or production of qualifying assets, capitalisation of borrowing costs commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities of acquisition, and construction or production that are necessary to prepare the asset for its intended use or sale are in progress, and ceases when the assets become ready for their intended use or sale. Other borrowing costs are recognised as financial expenses when incurred.

Where funds are borrowed specifically for the acquisition, and construction or production of a qualifying asset, the amount of interest to be capitalised is the interest expense calculated using effective interest rates during the period less any interest income earned from depositing the borrowed funds or any investment income on the temporary investment of those funds before being used on the asset. To the extent that the Group borrows funds generally and uses them for the acquisition, and construction or production of a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the weighted average of the excess amounts of cumulative expenditure on the asset over the above amounts of specific borrowings. The capitalisation rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

The effective interest rate is determined as the rate that exactly discounts estimated future cash flow through the expected life of the borrowing or, when appropriate, a shorter period to the initially recognised amount of the borrowings.

During the capitalisation period, exchange differences related to the principal and interest on a specific-purpose borrowing denominated in foreign currency are capitalised as part of the cost of the qualifying asset. The exchange differences related to the principal and interest on foreign currency borrowings other than a specific-purpose borrowing are recognised as a financial expense when incurred.

The capitalisation period is the period from the date of commencement of capitalisation of

The respective amortisation periods for intangible assets are as follows:

Item	*Amortisation period (years)*
Land-use right	40 – 50 years
Software and patents Non-patents	5 - 10 years

If they do not meet the above conditions, expenditure incurred during the development phase is included in profit on loss. Capitalised development costs are stated in the balance sheet at cost less impairment losses (see Note III.19). Other development expenses should be recognized as expenses during the period in which they are incurred. Development expenditures that have been charged to profit or loss in previous periods should not be recognized as assets in future periods. Capitalized expenditure during the development phase are listed as development cost on the balance sheet and will be converted to intangible assets from the date the project reaches its intended use.

If it is not possible to distinguish between expenditure at the research stage and expenditure at the development stage, all the expenditures that are expected to be incurred shall be reocgnised in profit or loss.

19. Impairment of long-term assets

For non-current non-financial assets such as fixed assets (excluding land), construction in progress, intangible assets with definite useful life, long-term equity investments in subsidiaries, joint ventures, associates and long-term deferred expenses, etc., the carrying amounts of these assets are reviewed at each balance sheet date based on the internal and external sources of information to determine whether there is any indication of impairment. If any indication exists, the recoverable amount of the asset is estimated. Land, goodwill, intangible assets with an indefinite useful life, and intangible assets that are not yet ready their usable status, impairment test is carried out annually, irrespective of whether there is any indication of impairment.

The Group calculates and recognises the provision for impairment based on individual asset. If it is difficult to estimate the recoverable amount of an individual asset, it is estimated based on the cash generating unit which the asset belongs. An asset group is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups. An impairment loss is recognised in profit or loss when the recoverable amount of an asset is less than its carrying amount. A provision for impairment of the asset is recognised accordingly. The recoverable amount of an asset (or asset group, set of asset groups) is the higher of its fair value less costs to sell and its present value of expected future cash flows. The fair value of the asset is determined according to the price of the sale agreement in the arm’s length transaction; if there is no sales agreement but there is an active market for the asset, the fair value shall be determined according to the buyer's bid of the asset; if there is no sales agreement and the active market of the asset, the fair value of assets is estimated based on the best available information. Disposal costs include legal costs related to the disposition of assets, related taxes, removal charges, and direct costs incurred to bring the asset to a salable condition. The present value of the expected future cash flow of the asset shall be determined by discounting the discounted cash flow at the appropriate discount rate according to the expected future cash flow generated during the continuous use of the asset and at the final disposal.

An impairment loss is recognised in profit or loss when the recoverable amount of an asset is less than its carrying amount. A provision for impairment of the asset is recognised accordingly.

- Post-employment benefits – defined benefit plans

  In accordance with the projected unit credit method, the Group measures the obligations under defined benefit plans using unbiased and mutually compatible actuarial assumptions to estimate related demographic variables and financial variables, and discount obligations under the defined benefit plans to determine the present value of the defined benefit liability.The Group attributes benefit obligations under a defined benefit plan to periods of service provided by respective employees. Service cost and interest expense on the defined benefit liability are charged to profit or loss or recognised as part of the cost of assets, and remeasurements of defined benefit liability are recognised in other comprehensive income.

(3). Termination benefits

When the Group terminates the employment with employees before the employment contracts expire, or provides compensation under an offer to encourage employees to accept voluntary redundancy, a provision is recognised with a corresponding expense in profit or loss at the earlier of when the Group cannot unilaterally withdraw the offer of termination benefits because of an employee termination plan or a curtailment proposal or when the Group recognises the costs associated with the restructuring involving the payment of termination benefits. But if the termination benefits are not expected to be fully paid within twelve months after the end of the annual reporting period, then shall be accounted for as other long-term employee benefits.

The recognition of the costs associated with the restructuring involving the payment of termination benefits refers to when the Group has a formal detailed restructuring plan involving the payment of termination benefits and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The employees' internal retirement plan is accounted for using the same principle of the above-mentioned termination benefits. The Group recognises the salaries of the early retired employees and social insurance premiums expected to be paid for the period from the date when the employee ceases to provide service to the normal retirement date as profit or and loss (termination benefits) when it satisfies the conditions for recognition of provisions.

(4). Other long-term employee benefits

If other long-term employee benefits provided by the Group to employees meet the defined contribution plan, they shall be accounted for as defined contribution plans, otherwise, they shall be accounted for as defined benefit plan.

22. Provision

A provision is recognised for an obligation related to a contingency if the following conditions are met.

- The Group has a present obligation;
- It is probable that an outflow of economic benefits will be required to settle the obligation;
- The obligation can be estimated reliably.

At the balance sheet date, considering the factors such as risks, uncertainties and time value of money related to a contingency, a provision is measured at the best estimate of the expenditure required to settle the related present obligation. Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows. Factors pertaining to a contingency such as the risks, uncertainties and time value of money are taken into account as a whole in reaching the best estimate. Where there is a continuous range of possible outcomes for the expenditure required, and each possible outcome in that range is as likely as any other, the best estimate is the mid-point of that range. In other cases, the best estimate is determined according to the following circumstances:

- Where the contingency involves a single item, the best estimate is the most likely outcome.
- Where the contingency involves a large population of items, the best estimate is determined by weighing all possible outcomes by their associated probabilities.

The Group reviews the carrying amount of a provision at the balance sheet date and adjusts the carrying amount to the current best estimate.

If the expenses required to settle the estimated liabilities are expected to be compensated in whole or in part by the third party, the amount of the compensation will be recognised as an asset separately and the amount of the compensation will not exceed the book value of the estimated liability.

(1). Pending onerous contract

An onerous contract is a contract that the fulfilling of contractual obligation would inevitably costs more than expected economic benefits. Where the pending contract becomes an onerous contract and the obligation arising from the onerous contract satisfies the conditions for recognition of the aforesaid provision, the portion where the estimated loss of the contract exceeds the recognised impairment loss, if any, of the asset of the contract is recognised as provision.

(2). Restructuring obligation

In the case of a detailed and formal restructuring plan that has been disclosed, the amount of the estimated liability shall be determined in accordance with the direct expenses related to the restructuring.

(3). Warranty provisions

Warranty provisions is made based on contract terms, existing knowledge and historical experience. In the event that such contingencies have already become a current obligation and the fulfillment of such current obligations is likely to result in an outflow of economic benefits, the best estimate of the contingencies required for the fulfillment of the relevant current obligations is recognised as provision.

23. Share-based payments

(1). Accounting treatment of share-based payments

Share-based payments are transactions in which an equity instrument is granted or a liability is determined on the basis of equity instruments for the purpose of obtaining services from employees or other parties. Share-based payments are divided into equity-settled share-based payments and cash-settled share-based payments.

- Equity-settled share-based payments

  Where the Group uses shares or other equity instruments as consideration for services received from the employees, the payment is measured at the fair value of the equity instruments granted to the employees at the grant date. If the equity instruments granted to employees vest immediately, the fair value of the equity instruments granted is fully recognised as costs or expenses on the grant date, with a corresponding increase in capital reserve. If the equity instruments granted do not vest until the completion of services for a period, or until the achievement of a specified performance condition, the Group recognises an amount during the vesting period based on the best estimate of the number of equity instruments expected to vest. The Group measures the services received at the grant-date fair value of the equity instruments and recognises the costs or expenses as the services are received, with a corresponding increase in capital reserve.

  If the fair value of the other party's services can be measured reliably, the fair value of the other party's services is measured at fair value on the acquisition date. If the fair value of the other party's services cannot be reliably measured, the fair value of the equity instruments can be measured reliably, it shall be measured based on the fair value of the equity instruments when the services are received, and included in relevant costs or expenses, with a corresponding increase in shareholder equity.

(2). The accounting policies for modifications and cancellations of the share-based payment transactions

When the Group makes amendments to the share-based payment plan, if the fair value of the equity instruments granted is increased, the increase in the fair value of the equity instruments shall be recognised accordingly. The increase in the fair value of equity instruments refers to the difference between the fair value of the equity instruments before and after the modification. If the modification reduces the total fair value of the share-based payments or other unfavorable means, the accounting treatment of the acquired services will continue to be treated as if the change had never occurred unless the Group has cancelled some or all of the rights granted equity instruments.

During the waiting period, if the equity instruments granted are cancelled, the Group will cancel the equity instruments granted as an accelerated right of exercise. The amount recognised in the remaining waiting periods shall be immediately recognised in the profit or loss and the capital reserve shall be recognised. If the employee or other party can choose to meet the non-exercisable conditions but is not satisfied within the waiting period, the Group will treat it as a cancellation of the grant of equity instruments.

(3). Accounting treatment for share payment transactions involving the Group and its shareholders or actual controller

Accounting treatment for share payment transactions that involves the Group and its shareholders or actual controller and that one of the settlement company and receiving company is within the Group and the other one is not is as follows:

- If the settlement company cleared with its own equity instruments, the share-based payment transactions are treated as an equity settlement, otherwise as a cash settlement.

  If the settlement company is the investor of the receiving company, it shall recognise long-term equity investment of the receiving company in accordance with the fair value of the equity instruments or the fair value of the liability, and recognise capital reserve (other capital reserve) or liabilities.

- If the receiving company does not have settlement obligation or provide its own equity instruments for its employees, the share payment transactions shall be recognised as equity payment; if the receiving company has settlement obligation and does not provide its own equity instruments to its employees, the share payment transactions shall be recognised as cash payment.

  If the share payment transactions incur within subsidiaries, the settlement company and the receiving company are different, the accounting treatment of share payment transactions in each company's individual financial statement shall refer to the principles mentioned above.

24. Revenue recognition

Revenue is the gross inflow of economic benefits arising in the course of the Group's ordinary activities when the inflows result in increase in shareholders' equity, other than increase relating to contributions from shareholders. Revenue is recognised in profit or loss when it is probable that the economic benefits will flow to the Group, the revenue and costs can be measured reliably and the following conditions are met:

(1). Sale of goods

Revenue is recognised when the general conditions stated above are satisfied, and significant risks and rewards of ownership of goods have been transferred to the buyer, and the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable under the sales contract or agreement. For revenue generated from the sale of automotive components, it is recognised when the customers or the carriers designated by the customers' signs after receiving the goods and relevant income has been earned or obtaining evidence for charging sales proceeds. Revenue from the sale of tooling is recognised when the Group obtains the customers' approval of the tooling test results and agree that the Group starts mass production of the tooling-related products.

(2). Rendering of services

Revenue is measured at the fair value of the consideration received or receivable under the contract or agreement.

Where the outcome of a transaction involving the rendering of services can be estimated reliably, revenue is recognised by reference to the stage of completion based on the proportion (he)10.5 (s)8.8 by o tning

(3). Revenue from construction contracts

When the construction contracts can be reliably estimated, contract revenue, corresponding receivables and contract costs are recognised using the percentage of completion method at the balance sheet date. The stage of completion of a contract is determined based on the proportion of contract costs incurred for work performed to date to the estimated total contract costs. For the fixed price contract, the outcome of a construction contract can be estimated reliably when:

- the total contract revenue can be measured reliably;
- contract-related economic benefits are likely to flow into the company;
- actual contract costs can be clearly distinguished and reliably measured;
- the stage of completion of a contract and cost to complete the contract can be reliably determined.

For the cost-plus contract, the outcome of the construction contract can be estimated reliably when

- contract-related economic benefits are likely to flow into the company;
- actual contract costs can be clearly distinguished and reliably measured

If the outcome of the construction contract cannot be reliably estimated, but the contract cost can be recovered, the contract revenue is recognised on the basis of the actual recoverable contract cost. The contract cost is recognised as the contract expenses in the current period; if the contract cost cannot be recovered, expenses shall be recognised immediately incurred and no revenue shall be recognised. If the uncertainties that result in unreliable estimates no longer exist, contract revenues and expenses shall be recognised based on percentage of completion method.

If the estimated total cost of the contract exceeds the total contract revenue, the estimated loss shall be recognised as current expenses.

(4). Royalties

Royalty income from intangible assets is determined according to the period and fee calculation method as stipulated in the relevant contracts or agreements.

(5). Interest income

Interest income is recognised on a time proportion basis with reference to the principal outstanding and the applicable effective interest rate.

25. Government grants

Government grants are non-reciprocal transfers of monetary or non-monetary assets from the government to the Group except for capital contribution from the government in the capacity as an investor in the Group. Government grants are divided into asset-related government grants and income-related government subsidies. Government grants related to assets are grants whose primary condition is that the Group qualifying for them should purchase, construct or otherwise acquire long-term assets; the rest of the government subsidies are defined as government grants related to income. If the government document does not specify the object of subsidy, the subsidy is divided into income-related government grants and government subsidies related to assets in the following ways: (1) If the government documents specify the specific items for which the subsidy is targeted, the budget of the project will be divided into the relative proportion of the expenditure amount of the asset and the expenditure amount of the expenses, which shall be reviewed at each balance sheet date and changed if necessary. (2) If the government document only specifies the use for general statements, without specifying a specific project, it shall be accounted for as government grants related to income.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at fair value. If the fair value can not be obtained reliably, it shall be measured at the nominal amount. Government grants measured at nominal amount are recognised directly in profit or loss.

A government grants is recognised and measured based on the amount actually received. But if there is conclusive evidence at the end of the period that relevant requirements of the financial supporting policy is expected to be met, it shall be measured based on the amount receivable. (1) The grant receivable receivable has been confirmed by the authorised government department, or it can be reasonably measured according to relevant provisions of the officially announced fiscal fund management method, and it is expected that there will be no significant uncertainty regarding its amount; (2) It is based on the local financial department which formally promulgates and voluntarily publishes the financial support projects with financial fund management measures, and the measures are for inclusive purpose (any enterprise that meets the prescribed conditions may apply) instead of specifically targeting at specific companies; (3) The relevant grant has been expressly committed with an appropriation limit, and the appropriation is guaranteed by corresponding financial budget, so it can be reasonably guaranteed that it can be received within the prescribed time limit; (4) In accordance with the specific circumstances of the Group relating to the grant, other relevant conditions (if any) should be met.

(1). Basis and accounting policy of government grants related to assets

Government grants related to an asset shall be recognized as deferred income and shall be amortised to other income or non-operating income in a reasonable and systematic manner over the useful life of the relevant assets.

(2). Basis and accounting policy of government grants related to income

A grant that compensate the Group for expenses to be incurred in the future is initially recognised as deferred income, and released to other income or non-operating income in the periods in which the expenses or losses are recognised, otherwise, the government grant shall be directly recognised in other income or non-operating income.

26. Deferred tax asset and deferred tax liabilities

Income tax expenses include current tax and deferred tax.

At the balance sheet date, the current income tax liabilities (or assets) for the current period and the previous period are measured at the expected amount of income tax payable (or refunded) in accordance with the tax law. The amount of taxable income on which the current income tax expenses are calculated is calculated at the applicable tax rate on taxable income for the year, plus any adjustment to tax payable in respect of previous years in accordance with the relevant tax laws.

The difference between the book value of certain assets and liabilities items and their tax bases, and the difference between the carrying amount of the items that cannot be recognised as assets and liabilities but which can determine the basis of taxation thereof according to the tax law and the basis of taxation temporary differences, the use of balance sheet debt method to recognise deferred income tax assets and deferred income tax liabilities.

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(2). Hedging accounting

Hedge accounting is a method which recognises in profit or loss the offsetting effect of changes in the fair value of the hedging instrument and the hedged item in the same accounting period(s).

Hedged items are the items that expose the Group to risks of changes in fair value or future cash flows and that are designated as being hedged. The Group's hedged items include a firm commitment that is settled with a fixed amount of foreign currency and exposes the Group to foreign currency risk and net investments in overseas institutions that exposes the Group to foreign currency risk.

A hedging instrument is a designated derivative whose changes in fair value or cash flows are expected to offset changes in the fair value or cash flows of the hedged item. For a hedge of foreign currency risk, a non-derivative financial asset or non-derivative financial liability may also be used as a hedging instrument.

(4). Related parties

If a party has the power to control, jointly control or exercise significant influence over another party, or vice versa, or where two or more parties are subject to common control or joint control from another party, they are considered to be related parties. Related parties may be individuals or enterprises. Enterprises with which the Company is under common control only from the State and that have no other related party relationships are not regarded as related parties.

In addition to the related parties stated above, the Company determines related parties based on the disclosure requirements of Administrative Procedures on the Information Disclosures of Listed Companies issued by the CSRC.

(5). Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organisation, management requirements and internal reporting system after taking the materiality principle into account. Two or more operating segments may be aggregated into a single operating segment if the segments have the similar economic characteristics and are same or similar in respect of the nature of each segment's products and services, the nature of production processes, the types or classes of customers for the products and services, the methods used to distribute the products or provide the services, and the nature of the regulatory environment.

(6). Significant accounting estimates and judgments

At the balance sheet date, the key areas in which the Group needs to make judgments, estimates and assumptions on the amount of items of financial statements are as follows:

(i) Provision for bad and doubtful debts of accounts receivable

As described in Note III.11, receivables that are measured at amortised cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, an impairment loss is recognised. Objective evidence of impairment includes observable data that comes to the attention of the Group about loss events such as a significant decline in the estimated future cash flows of an individual debtor or the debtors, and significant changes in the financial environment that have an adverse effect on the debtor. If there is objective evidence of a recovery in the value of receivables which can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed.

(ii) Provision for impairment of inventories

As described in Note III.12, [illegible]

The recoverable amount of an asset (asset group) is the greater of its fair value less costs to sell and its present value of expected future cash flows. When a market price of the asset (the asset group) cannot be obtained reliably, and the fair value of the asset cannot be estimated reliably, the recoverable amount is calculated based on the present value of estimated future cash flows. In assessing the present value of estimated future cash flows, significant judgements are exercised to estimate the asset's production, selling price, related operating expenses and discount rate to calculate the present value. Acannk0.5 (r)-5.9 (al)2-6.6 ( )0.67 (

(viii) Income tax

In the normal business activities of the Group, there are certain uncertainties in the final tax treatment and calculation of some transactions. Whether certain items can be reported before tax depends on the tax authority’s approval. If there is a discrepancy between the final recognised result of these taxation matters and the originally estimated amount, the discrepancy will have an impact on the current income tax and deferred income tax during the period of final recognition.

(ix) Defined benefit plan - post-employment benefit plan

The amount of expenses and liabilities of the defined benefit plan - post-employment benefit plan of the Company is determined on the basis of various assumptions. These assumptions include discount rate, average medical expense growth rate, growth rate of retiree subsidy and other factors. Differences between actual results and assumptions will be recognised and credited to the current costs as occurred. Although the management considered the assumptions are reasonable, changes in actual experience values and assumptions will affect the Company's balance of benefits and liabilities of the defined benefit plan - post-employment benefit plan.

(x) Provisions

The Group estimates and makes relevant provisions for product quality assurance, estimated contract losses, liquidated damages for late delivery, etc., based on the terms of the contract, existing knowledge and historical experience. In the event that such contingent events have formed a current obligation and the performance of such current obligations is likely to result in the outflow of economic benefits to the Group, the Group's best estimate of contingent expenses in respect of contingent obligations recognised as the estimated liabilities.The recognition and measurement of the estimated liabilities is largely dependent on management's judgment. During the process of judgment, the Group assesses the risks, uncertainties and the time value of money in respect of such contingencies.

The Group provides customers with after-sale quality maintenance commitments for the sale, maintenance and remanufacturing of goods sold. The estimated maintenance experience of the Group has been taken into account in the forecast period, but recent maintenance experience may not reflect future maintenance situation. Any increase or decrease in the provision may affect future years' profit or loss.

29. Changes in significant accounting policies and accounting estimations

(1). Changes in significant accounting policies

Description and reasons of changes in accounting policies	*Approval procedure*	*Remarks (Significantly affected financial statement items and amounts)*
The MOF issued Notice on Revision of the 2018 Illustrative Financial Statements (Caikuai [2018] No.15) and related interpretation. The Group has applied the revised regulations since 1 January 2018.	The 19th Meeting of the 9th Board of Directors	The Group has prepared financial statements for the year ended 31 December 2018 in accordance with the presentation format of the financial statements specified in Caikuai [2018] No.15 and related interpretation. The Group has applied the new presentation requirements retrospectively. Please see related presentation adjustments in other instructions.
The MOF issued the following revised regulations and interpretations: CAS Bulletin No.9 - Accounting of Net Investment Losses under Equity Method, CAS Bulletin No.10 - Applying Revenue-based Depreciation Method on Fixed Assets, CAS Bulletin No.11 - Applying Revenue-based Amortisation Method on Intangible Assets and CAS Bulletin No.12 - Determination of Whether the Provider and Receiver of Key Management Personnel Services are Related Parties (collectively the "CAS Bulletins No.9-12"). The Group has applied the new interpretations since 1 January 2018.	The 19th Meeting of the 9th Board of Directors	The adoption of CAS Bulletins No.9-12 does not have material impact on the financial position and financial performance of the Group.

The effects on each of the line items in the consolidated balance sheet and company balance sheet as at 31 December 2017 are analysed as follows:

	The Group		
	Before adjustment	*Adjustment*	*After adjustment*
Bills receivable	449,163,016.25	(449,163,016.25)	-
Accounts receivable	4,357,842,153.57	(4,357,842,153.57)	-
Bills and accounts receivable	-	4,807,005,169.82	4,807,005,169.82
Bills payable	(139,191,198.93)	139,191,198.93	-
Accounts payable	(5,127,856,178.22)	5,127,856,178.22	-
Bills and accounts payable	-	(5,267,047,377.15)	(5,267,047,377.15)
Interest payable	(67,501,999.48)	67,501,999.48	-
Other payable	(690,508,454.74)	(67,501,999.48)	(758,010,454.22)
Total	(1,218,052,661.55)	-	(1,218,052,661.55)

	The Company		
	Before adjustment	*Adjustment*	*After adjustment*
Accounts receivable	5,644,886.30	(5,644,886.30)	-
Bills and accounts receivable	-	5,644,886.30	5,644,886.30
Interest receivable	12,300,462.34	(12,300,462.34)	-
Dividend receivable	314,432,641.70	(314,432,641.70)	-
Other receivable	829,349,468.56	326,733,104.04	1,156,082,572.60
Accounts payable	(4,355,736.27)	4,355,736.27	-
Bills and accounts payable	-	(4,355,736.27)	(4,355,736.27)
Interest payable	(20,142,379.48)	20,142,379.48	-
Other payable	(84,157,078.40)	(20,142,379.48)	(104,299,457.88)
Total	1,053,072,264.75	-	1,053,072,264.75

The effects on each of the line items in the 2017 consolidated income statement:

	The Group		
	Before adjustment	*Adjustment*	*After adjustment*
General and administrative expenses	2,540,090,717.99	(1,032,726,788.20)	1,507,363,929.79
Research and development expenses	-	1,032,726,788.20	1,032,726,788.20
Total	2,540,090,717.99	-	2,540,090,717.99

IV. Taxation

1. Main types of taxes and corresponding tax rates

Main types of taxes and corresponding tax rates

Tax type	*Tax basis*	*Tax rate*
Value-added tax (VAT)	Output VAT is calculated on revenue from product sales and rendering of services. The basis for VAT payable is to deduct input VAT from the output VAT for the period.	1)The Company and its subsidiaries in China 16% (Before 1 May 2018 17%) 10% (Before 1 May 2018 11%) 6% 2) Subsidiaries in Germany 19.00% 3) Subsidiaries in Mexico 16.00% 4) Subsidiaries in Portugal 23.00% 13.00% 6.00% 5) Subsidiaries in Romania 19% 9% 5% 6) Subsidiaries in Italy 22% 10% 4% 7) Subsidiaries in Poland 23.00% 8) Subsidiaries in Japan 8% 9) Subsidiaries in Brazil 12% 18% 25% 10) Subsidiaries in Uruguay 22% 11) Subsidiaries in Hungary 27% 12) Subsidiaries in Russia 18% 13) Subsidiaries in Indonesia 10% 14) Subsidiaries in Singapore 7% 15) Subsidiaries in Philippines 12% 16) Subsidiaries in Thailand 10% 17) Subsidiaries in Korea 10% 18) Subsidiaries in Malaysia 6%

Tax type	*Tax basis*	*Tax rate*
Business tax	Based on taxable revenue	1) Subsidiaries in the U.S. 2.90% - 7.25% 2) Germany 13.30%

Tax type	*Tax basis*	*Tax rate*

2. Tax preferential treatments

(1) Ningbo JOYSONQUIN Automotive Systems Holdings Co.,Ltd. ("Joyson Automotive") obtained the high-tech enterprise certificate with the license No. GR201733100386, which was issued jointly by Ningbo Science and Technology Bureau, Ningbo Finance Bureau, Ningbo State Tax Bureau and Ningbo Local Tax Bureau on 29 November 2017. The certificate is valid for three years. The corporate income tax rate applicable to Joyson Automotive during 2017 to 2019 is 15%.

(2) Ningbo Joyson Technology Co., Ltd. ("Joyson Technology") obtained the high-tech enterprise certificate with the license No. GR201833100589, which was issued jointly by Ningbo Science and Technology Bureau, Ningbo Finance Bureau, Ningbo State Tax Bureau and Ningbo Local Tax Bureau on 27 November 2018. The certificate is valid for three years. The corporate income tax rate applicable to Joyson Automotive during 2018 to 2020 is 15%.

(3) Ningbo Preh Joyson Automotive Electronic Co., Ltd. ("Ningbo Preh") obtained the high-tech enterprise certificate with the license No. GR201833100031, which was issued jointly by Ningbo Science and Technology Bureau, Ningbo Finance Bureau, Ningbo State Tax Bureau and Ningbo Local Tax Bureau on 27 November 2018. The certificate is valid for three years. The corporate income tax rate applicable to Ningbo Preh during 2018 to 2020 is 15%.

(4) Wuhan Joyson Automotive Components Co., Ltd. ("Wuhan Joyson") obtained the high-tech enterprise certificate with the license No. GR201642000611, which was issued jointly by Science and Technology Department of Hubei Province, Financial Department of Hubei Province, State Tax Bureau of Hubei Province and Local Tax Bureau of Hubei Province on 13 December 2016. The certificate is valid for three years. The corporate income tax rate applicable to Wuhan Joyson during 2016 to 2018 is 15%. The 15% preferential tax rate applicable to high-tech enterprises shall be subject to approval by the relevant authorities in accordance with the applicable income tax regulations after three-year validity period. Wuhan Joyson will run the approval process in 2019 and it is very likely to obtain high-tech enterprise qualifications. Accordingly management is of the opinion that it is resonable to use the 15% preferential tax rate for the year ending 31 December 2019.

(5) Yanfeng KSS (Shanghai) Automotive Safety Systems Co., Ltd. ("Yanfeng KSS") obtained the high-tech enterprise certificate with the license No. GR201731000500, which was issued jointly by Science and Technology Commission of Shanghai Municipality, Finance Bureau of Shanghai Municipality, State Tax Bureau of Shanghai Municipality and Local Tax Bureau of Shanghai Municipality on 23 October 2017. The certificate is valid for three years. The corporate income tax rate applicable to Yanfeng KSS during 2017 to 2019 is 15%.

(6) Joyson Safety Systems (Huzhou) Co., Ltd. ("J4 (f)-20.40 Tyson e Safsts (Huzhou)ai obtathe -

(7) Joyson Safety Systems (Changxing) Co., Ltd. ("Joyson Safety (Changxing)") obtained the high-tech enterprise certificate with the license No. GR201733003068, which was issued jointly by Science and Technology Department of Zhejiang Province, Financial Department of Zhejiang Province, State Tax Bureau of Zhejiang Province and Local Tax Bureau of Zhejiang Province on 13 November 2017. The certificate is valid for three years. The corporate income tax rate applicable to Joyson Safety (Changxing) during 2017 to 2019 is 15%.

(8) Pursuant to the Notice on Widening the Scope of Income Tax Incentives for Small Low Profit Enterprises (Cai Shui [2017] No. 43) issued by the Ministry of Finance and the State Administration of Taxation, Shanghai Joyson Preh Car Connect Co., Ltd. is qualified for small low profit enterprises. Its taxable income is reduced by 50%, and applicable corporate income tax rate is 20%.

(9) Pursuant to the Notice on Issues Concerning Relevant Tax Policies in Deepening the Implementation of the Western Development Strategy issued by the Ministry of Finance, the General Administration of Customs, and the State Administration of Taxation (Cai Shui [2011] No. 58), from 1 January 2011 to 31 December 2020, the enterprise income tax imposed upon any enterprise established in western regions and included among the encouraged industries shall be collected at the reduced rate of 15%. Therefore, Western-based subsidiary, Chengdu Joyson Automotive Electronic Components Co., Ltd., a subsidiary established by the Company in western regions, is entitled to applicable preferential tax rate.

(10) Joyson Safety Systems (Philippines) Corporation has applied a 5% income tax rate since 2004. According to the local tax laws, Joyson Safety Systems (Philippines) Corporation should be subject to income tax at a rate of 30% for operating income which is not related to manufacturing activities, such as scrap income, spare parts resale and other operating income.

(11) Josyon Safety Systems Macedonia DOOEL opened a new plant in the Macedonia High-Tech Development Zone in 2015. According to the local tax laws, Josyon Safety Systems Macedonia DOOEL is subject to an income tax exemption policy valid for 10 years.

(12) Joyson Safety Systems Poland sp. z o.o. opened a new plant in special economic zone. According to the local tax laws, Joyson Safety Systems Poland sp. z o.o. could apply the income tax exemption policy every year when meets certain qualifications.

V. Notes to the consolidated financial statements

1. Cash at bank and on hand

Item	*2018*	*2017*
Cash on hand		488,190.21
Deposits with banks	7,307,893,383.79	3,857,485,790.24
Other monetary funds	508,486,504.60	326,804,387.38
Total	7,816,800,064.49	4,184,778,367.83
Including: Total overseas deposits	2,377,127,605.55	1,320,528,736.64

As at 31 December 2018, the details of the Group's restricted cash at bank and on hand can be referred to Note V.58 Assets with restricted ownership or right of use.

2. Derivative financial assets

Items	*2018*	*2017*
Foreign currency forward contracts	1,513,946.35	533,832.59
Interest rate swaps	246,172.87	-
Total	1,760,119.22	533,832.59

The Group has entered into certain foreign currency forward contracts to hedge the uncertainty arising from foreign currency exchange rate fluctuations. As at 31 December 2018, the nominal amounts of the foreign currncy forward contracts held by the Group were USD 5,563,737.99 (sell dollar against Mexican peso), and USD 11,587,248.91 (sell dollar against Mexican peso); the fair values were RMB 1,513,946.35 and RMB -1,639,366.08 respectively, which were included in derivative financial assets and derivative financial liabilities.

Meanwhile, the Group used interest rate swaps to hedge the cash flow risk of floating bank borrowing interest rate, which is to convert certain floating interest rate into fixed interest rate. As at 31 December 2018, the nominal amount of interest rate swaps held by the Group was USD 280,000,000.00, USD 561,735,947.15 and EUR 57,000,000.00, and its fair value was RMB 246,172.87, RMB -26,513,921.68 and RMB -7,616,768.26 at the end of the year, which was included in derivative financial asstes and liabilities.

See Note V.60 (1) for details.

3. Bills and accounts receivable

Summary statement

(1). Classification

Item	*2018*	*2017*
Bills receivable	842,040,602.35	449,163,016.25
Accounts receivable	10,081,431,107.57	4,357,842,153.57
Total	10,923,471,709.92	4,807,005,169.82

Bills receivable

(1). Bills receivable by category

Item	*2018*	*2017*
Bank acceptance bills	834,245,690.41	439,366,051.79
Commercial acceptance bills	7,794,911.94	9,796,964.46
Total	842,040,602.35	449,163,016.25

(2). The pledged bills receivable of the Group at the end of the year

As at 31 December 2018, the Group did not have any pledged bills receivable.

(3). Outstanding endorsed or discounted bills that have not matured at the end of the year

Item	*Amount derecognised at year end*	*Amount not derecognised at year end*
Bank acceptance bills	617,961,333.04	-

The Group endorsed notes receivable that have not matured to the suppliers to settle certain accounts payable. The management of the Group believes that almost all the risks and rewards of the ownership of the notes that have not matured have been transferred, and the present obligations of relevant accounts payable have been discharged, so the relevant notes receivable and accounts payable have been derecognised.

(4). Bills transferred to accounts receivable due to non-performance of the issuers at the end of the year

As at 31 December 2018, the Group had no bills transferred to accounts receivable due to non-

Ageing	*2018*		
	Book value	*Provision for bad and doubtful debts*	*Percentage (%)*
Within 1 year	9,382,992,623.00	114,640,228.17	1.22
Over 1 year but within 2 years	11,579,410.34	1,981,273.28	17.11
Over 2 years but within 3 years	2,339,934.06	975,748.81	41.70
Over 3 years	23,023,840.60	13,252,735.61	57.56
Total	9,419,935,808.00	130,849,985.87	1.39

Accounts receivable which are collectively assessed for impairment using the percentage of balance method at year end

Percertage of balance	*2018*		
	Book value	*Provision for bad and doubtful debts*	*Percentage (%)*
Human-Computer interaction products and intelligent car connect business	801,631,674.22	9,286,388.78	1.16
Total	801,631,674.22	9,286,388.78	1.16

(2). Movement of provision for bad and doubtful debts during the year

	2018
Balance at the beginning of the year	82,377,599.57
Additions during the year	
Written-off during the year	
Changs in exchange rate	
Balance at the end of the year	

(3). Accounts receivable written off during the year

As certain receivables of the Company's overseas subsidiaries can not be recovered, provision for bad and doubtful debts amounting to RMB 32,676,486.54 is made during the year.

The Group had no significant single item of accounts receivable written off during the year.

(4). Five largest accounts receivable by debtor at the end of the year

The total of five largest accounts receivable of the Group at the end of the year is RMB 1,068,548,888.47, representing 10.43% of the total accounts receivable at the end of the year, and the balance of provision for bad and doubtful debts at the end of the year is RMB 8,568,156.14.

(5). Derecognization of accounts receivable due to transfer of financial assets

In 2018, the Group transferred RMB 366,369,186.08 (2017: RMB 774,534,796.25) accounts receivable to financial institutions without recourse, and the loss from derecognition amounting to RMB 13,661,385.63 (2017: RMB 15,553,841.25) is charged to profit or loss.

(6). As at 31 December 2018, the details of the Group's restricted accounts receivable can be referred to Note V.58 Assets with restricted ownership or right of use.

4. Prepayments

(1). Prepayments by category

Item	*2018*	*2017*
Purchase of raw materials	525,112,991.98	59,187,962.55
Purchase of tooling	137,888,999.61	91,344,335.01
Others	49,517,825.81	13,366,265.05
Total	712,519,817.40	163,898,562.61

(2). The ageing analysis of prepayments is as follows:

Ageing	*2018*		*2017*	
	Amount	*Percentage (%)*	*Amount*	*Percentage (%)*
Within 1 year	698,919,709.51	98.09	161,250,236.20	98.38
Over 1 year but within 2 years	13,229,237.53	1.86	1,801,147.37	1.10
Over 2 years but within 3 years	12,000.00	0.00	566,829.26	0.35
Over 3 years	358,870.36	0.05	280,349.78	0.17
Total	712,519,817.40	100.00	163,898,562.61	100.00

(3). Five largest prepayments by debtor at the end of the year:

The total of five largest prepayments of the Group at the end of the year is RMB 95,498,965.58, representing 13.40% of the total prepayments.

5. Other receivables

(1). Other receivables by category

Category	2018					2017				
	Book value		Provision for bad and doubtful debts		Carrying amount	Book value		Provision for bad and doubtful debts		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)		Amount	Percentage (%)	Amount	Percentage (%)	
Individually significant and assessed for impairment individually	-	-	-	-	-	-	-	-	-	-
Collectively assessed for impairment based on credit risk characteristics	626,482,132.80	100.00	5,491,581.92	0.88%	620,990,550.88	601,123,190.92	100.00	-	-	601,123,190.92
Individually insignificant but assessed for impairment individually	-	-	-	-	-	-	-	-	-	-
Total	626,482,132.80	100.00	5,491,581.92	1%	620,990,550.88	601,123,190.92	100.00	-	-	601,123,190.92

Based on credit risk characteristics, other receivables which are collectively assessed for impairment using the ageing analysis method at the end of the year

Ageing	*2018*		
	Other receivables	*Provision for bad and doubtful debts*	*Percentage (%)*
Within 1 year	109,831,638.46	5,491,581.92	5.00

Based on credit risk characteristics, other receivables in risk-free portfolio:

Item	*2018*		
	Other receivables	*Provision for bad and doubtful debts*	*Other receivables*
Other receivables in risk-free portfolio	516,650,494.34	-	-

(2). Other receivables categorised by nature

Nature	*2018*	*2017*
Staff petty cash	63,452,172.86	9,601,912.58

(3). Movement of provision for bad and doubtful debts during the year

	2018
Balance at the beginning of the year	-
Additions during the year	5,491,581.92
Written-off during the year	-
Balance at the end of the year	

(4). Five largest other receivables by debtor at the end of the year

Debtor	*Nature of the receivable*	*Balance at the end of the year*	*Ageing*	*Percentage of total other receivables (%)*	*Ending balance of provision for bad and doubtful debts*
Debtor A	Tax refund receivable	87,651,637.13	Within 1 year	13.99	-
Debtor B	Receivable from government subsidy	29,229,000.00	Within 1 year	4.67	-
Debtor C	Receivable from associates	21,880,000.00	Within 1 year	3.49	1,094,000.00
Debtor D	Tax refund receivable	19,544,537.49	Within 1 year	3.12	-
Debtor E	Supplier rebate receivables	12,748,634.34	Within 1 year	2.03	637,431.72
Total	/	171,053,808.96	/	27.30	1,731,431.72

(5). Receivable relating to government subsidy

Entity	*Government subsidy project name*	*Balance at the year end*	*Ageing at the the year end*	*Estimated time, amount and basis*
Ningbo Joyson Electronic Corp.	Business promotion in 2018 (2017 outbound project funds)	5,305,700.00	Within 1 year	Pursuant to the notice of Business promotion in 2018 (2017 outbound project funds) jointly announced by Ningbo Municipal Finance Bureau and Ningbo Municipal Commerce Commission. RMB 5,305,700 was received on 24 January 2019.
Ningbo Preh Joyson Automotive Electronics Co., Ltd.	Ningbo Industrial Investment (Technical Transformation) Municipal Completion Project	29,229,000.00	Within 1 year	Pursuant to Yong Cai Zheng Fa [2018] 1071, RMB 29,229,000 was received on 24 January 2019.
Joyson Auto Safety Holdings S.A.	Uruguay Auto Industry Subsidy	18,335,910.42	Within 1 year	Pursuant to the regulations of the Uruguayan auto industry, auto industry companies can obtain 10% of sales as subsidies after 240 days of shipment.
Joyson Auto Safety Holdings S.A.	Hungarian government operating subsidy	23,331,118.70	Within 1 year	Asset related subsidy. The project has started, which is expected to complete in the second half of 2019, and the subsidy will be received then.

6. Inventories

(1). Inventories by category

Item	*2018*			*2017*		
	Book value	*Provision for impairment of inventories*	*Carrying amount*	*Book value*	*Provision for impairment of inventories*	*Carrying amount*
Raw materials	4,066,283,297.01	277,479,836.02	3,788,803,460.99	2,108,350,352.52	200,192,974.22	1,908,157,378.30
Work in progress	1,434,706,082.22	9,520,469.60	1,425,185,612.62	832,330,368.52	11,677,951.42	820,652,417.10
Finished goods	2,370,157,384.13	18,827,737.72	2,351,329,646.41	1,085,356,263.20	28,621,995.75	1,056,734,267.45
Consumables	926,260.42	-	926,260.42	2,157,391.47	-	2,157,391.47
Total	7,872,073,023.78	305,828,043.34	7,566,244,980.44	4,028,194,375.71	240,492,921.39	3,787,701,454.32

(2). Available-for-sale financial assets at cost at the end of the year

Investees	*Book value*				*Provision for impairment*				*Percentage of shareholding in investees (%)*	*Cash dividend for the year*
	Balance at the beginning of the year	*Increase during the year*	*Decrease during the year*	*Balance at the end of the year*	*Balance at the beginning of the year*	*Increase during the year*	*Decrease during the year*	*Balance at the end of the year*		
Ningbo Zhongcheng New teas										

10. Long-term equity investments

Investee	*Balance at the beginning of the year*	*Movements during the year*									*Balance at the end of the year*	*Balance of provision for impairment at the end of the year*
		Increase in capital	*Decrease in capital*	*Investment income recognised under equity method*	*Other comprehensive income*	*Other equity movements*	*Declared distribution of cash dividends or profits*	*Provision for impairment*	Reclassified as available-for-sale financial assets	*Other*	Transfer from available-for-sale financial assets		
	Joint ventures												
Shanghai Joyson Dehui Equity Investment GP	23,675,317.99	-	-	(227,051.16)	-	-	-	-	-	-	-	23,448,266.83	-
Subtotal	23,675,317.99	-	-	(227,051.16)	-	-	-	-	-	-	-	23,448,266.83	-
	Associates												
Innoventis GmbH	5,543,378.10	-	-	-	-	-	-	-	-	31,971.60	-	5,575,349.70	-
Preh Sweden	39,264.77	-	-	-	-	-	-	-	-	(39,264.77)	-	-	-
AutoIO Technology Co.,LTD.	45,981,573.37	-	-	(2,487,796.11)	-	-	-	-	-	-	-	43,493,777.26	-
Ningbo Junyuan Plastics Technology Co., Ltd.	3,939,675.25	-	-	(1,181,370.23)	-	-	-	-	-	-	-	2,758,305.02	-
Zhongxin Integrated Circuit (Ningbo) Co., Ltd.	84,030,747.34	-	-	-	-	-	-	-	(84,030,747.34)	-	-	-	-
Sub-total	139,534,638.83	-	-	(3,669,166.34)	-	-	-	-	(84,030,747.34)	(7,293.17)	-	51,827,431.98	-
Total	163,209,956.82	-	-	(3,896,217.50)	-	-	-	-	(84,030,747.34)	(7,293.17)	-	75,275,698.81	-

On 22 March 2018, the capital of Zhongxin Integrated Circuits (Ningbo) Co., Ltd. (hereinafter referred to as "Zhongxin Integrated") increased. After the capital increase, the share held by Ningbo Shengxin Electronic Technology Co., Ltd. (hereinafter referred to as "Shengxin Electronics"), a subsidiary of the Company, was dilluted from 24.7887% to 4.8352%, with one out of the eight members of the Board of Directors in Zhongxin Intergrated. According to the articles of association of Zhongxin Integrated, significant matters should be approved by more than three-fourths of the directors, Shengxin Electronics no longer has a significant influence on Zhongxin Integrated, leading to the reclassification of the investment in Zhongxin Intergrated as available-for-sale financial assets.

11. Fixed assets

(1). Fixed assets

Item	*Plant & buildings*	*Machinery & equipment*	*Other equipment*	*Motor vehicles*	*Land use rights*	*Total*
I. Cost						
i. Balance at the beginning of the year	2,257,834,876.28	6,002,119,248.98	3,446,577,722.68	43,537,261.89	353,612,383.00	12,103,681,492.83
ii. Additions during the year						
- Purchases	259,483,943.77	999,059,023.57	353,056,492.64	6,384,495.58	110,501,291.22	1,728,485,246.78
- Transfers from construction in progress	768,034,214.56	402,739,181.58	342,539,639.90	2,979,782.19	17,941,340.12	1,534,234,158.35
- Additions due to business combinations	1,585,879,067.17	1,716,997,044.93	694,160,550.64	17,224,015.32	1,153,112,721.83	5,167,373,399.89
iii. Decrease during the year						
- Disposals	27,997,920.75	383,131,942.37	213,667,783.64	7,204,436.74	-	632,002,083.50
Change in exchange rate	4,991,607.62	48,507,445.72	25,390,367.03	283,876.68	3,954,651.17	83,127,948.22
Balance at the end of the year	4,848,225,788.65	8,786,290,002.41	4,648,056,989.25	63,204,994.92	1,639,122,387.34	19,984,900,162.57
II. Accumulated depreciation or amortisation						
i. Balance at the beginning of the year	695,486,889.02	2,978,659,708.99	2,122,610,851.54	22,697,246.75	-	5,819,454,696.30
ii. Additions during the year						
Charge for the year	331,265,611.43	1,005,010,442.97	498,661,315.19	9,226,843.14	-	1,844,164,212.73
iii. Reductions during the year						
- Disposals	7,843,274.68	331,114,000.02	184,347,612.94	6,751,230.08	-	530,056,117.72
iv.Change in exchange rate	11,992,283.73	4,287,475.39	10,543,587.45	167,748.22	-	26,991,094.79
Balance at the end of the year	1,030,901,509.50	3,656,843,627.33	2,447,468,141.24	25,340,608.03	-	7,160,553,886.10
III. Provision for impairment						
i. Balance at the beginning of the year	-	16,131.41	27,982.10	-	-	44,113.51
ii. Additions during the year	-	-	-	-	-	-
Charge for the year	-	-	-	-	-	-
iii. Reductions during the year	-	-	-	-	-	-

-

(4). Fixed assets pending certificates of ownership

As at 31 December 2018, the Group had no fixed assets with pending certificates of ownership.

12. Construction in progress

Construction in progress

Project	*2018*			*2017*		
	Book value	*Provision for impairment*	*Carrying amount*	*Book value*	*Provision for impairment*	*Carrying amount*
Tooling	44,579,461.54	-	44,579,461.54	69,038,348.09	-	69,038,348.09
Machinery & equipment	1,453,022,529.90	-	1,453,022,529.90	812,833,331.92	-	812,833,331.92
Decoration, reconstruction, etc.	63,675,323.65	-	63,675,323.65	134,855,297.40	-	134,855,297.40
Joyson New Industrial Zone infrastructure project	41,798,280.59	-	41,798,280.59	345,884,783.48	-	345,884,783.48
Total	1,603,075,595.68	-	1,603,075,595.68	1,362,611,760.89	-	1,362,611,760.89

Project	Balance at the beginning of the year	Movements during the year	Additions due to business combinations	Transfers to fixed assets	Change in exchange rate	Balance at the end of the year	Accumulated capitalised interest	Including: Interest capitalised in 2018	Interest rate for capitali-sation in 2018 (%)	Sources of funding
Tooling	69,038,348.09	36,764,233.60	-		-		-	-	-	Own funds
Machinery & equipment	812,833,331.92	1,055,302,095.92	502,463,927.99		19,081,071.81	1,453,022,529.90		-	-	Own funds
Decoration, reconstruction, etc.	134,855,297.40	55,773,060.30	-	127,667,518.67		63,675,323.65	-	-	-	Own funds
Joyson New Industrial Zone infrastructure project	345,884,783.48		-		-				4.90	Own funds, loans
Total	1,362,611,760.89									

The carrying amount of intangible assets of the Group arising from internal development is 32.87% of the total carrying amount of intangible assets at the end of the year.

(2). As at 31 December 2018, the Group had no land use rights with pending certificates of ownership.

14. Development cost

Item	*Balance at the beginning of the year*	*Increase during the year*	*Decrease during the year*		*Balance at the end of the year*
		Internal development	*Recognised as intangible assets*	*Change in exchange rate*	
Product development costs	1,118,497,524.25	972,201,710.68	490,298,321.76	4,828,483.65	1,595,572,429.52

Before the mass production, if the Group has obtained the order from OEMs to produce the specified product, and the management has approved the new product's feasibility study, relevant design and testing expenditures incurred in the development phase meeting relevant conditions can be capitzlied.

15. Goodwill

(1). Changes in goodwill

Name of investee or events from which goodwill arose	*Balance at the beginning of the year*	*Additions during the year*		*Disposals during the year*		*Balance at the end of the year*
		Additions due to business combinations	*Change in exchange rate*	*Disposals*	*Change in exchange rate*	
KSS Holdings, Inc.	6,775,565,548.71	-	341,152,864.63	-	-	7,116,718,413.34
Preh Car Connect GmbH	823,518,398.86	-	4,714,632.82	-	-	828,233,031.68
QUIN GmbH	203,473,753.30	-	1,173,540.99	-	-	204,647,294.29
Preh Sweden	-	6,379,844.03	-	-	3,015.45	6,376,828.58
Others	26,249,246.78	-	142,398.96	-	-	26,391,645.74
Total	7,828,806,947.65	6,379,844.03	347,183,437.40	-	3,015.45	8,182,367,213.63

(2). Provision for impairment of goodwill

As at 31 December 2018, no impairment loss was recognized for the Group.

(3). Information of goodwill related asset group or asset groups

Based on the analysis of the asset group or asset groups that can benefit from the synergies of the business combination, the goodwill is allocated by business segments, which mainly include automobile safety system business, intelligent auto interconnection business and overseas automotive components business, derived from acquisition of KSS, Technisat automotive information business (later renamed as Preh Car Connect GMbH), Preh Sweden and Quin. These business segments make up the asset group or asset groups are the lowest levels of goodwill monitored by the Group for internal management purposes.

(4) Disclosure of the process and the parameters used for goodwill impairment test, (E.g. Future revenue growth rate, profit rate, discount rate, forecast period, if applicable in the calculation of the present value of estimated future cash flows) and the methodology to determine the impairment loss.

The Group identified the business segments and allocated the goodwill to the asset group. The recoverable amount of each asset group is determined by the present value of estimate future cash flows, which was projected based on the most recent three-to-five-year financial budget approved by management and a pre-tax discount rate. The cash flows beyond the forecast period were assumed to keep stable. There is no goodwill impairment has been identified.

However, it is expected that the key assumptions relating to the present value of future cash flows may change. Management believes that if the key assumptions change negatively, this may result in the carrying amount of the Group's asset group or asset groups (including goodwill) higher than the recoverable amount.

Key parameters and assumptions

Key parameters	*Safty system business*	*Intelligent auto interconnection business*	*Overseas automotive safety system business*
Revenue growth rate	The revenue growth rate is based on the achievability of forecast by region to meet OEMs' demand for auto parts used in their vehicles. No growth is considered for the terminal period, which equals to the last year in the forecast period.		
Changes in operating costs	The changes in operating costs and the forecast of capital expenditures are considered comprehensively based on historical records and operational experience of each region, with reference to the business restructuring and future business plan, as well as the benefits from integration.		
Capital expenditures			
Discount Rate	10.08% - 14.65%	12.26%	11.46%

16. Long-term deferred expenses

Item	*Balance at the beginning of the year*	*Additions during the year*	*Amortisation for the year*	*Change in exchange rate*	*Balance at the end of the year*
Leasehold improvements	33,055,360.00	64,607,441.78	19,604,183.93	520,350.63	78,578,968.48
Total	33,055,360.00	64,607,441.78	19,604,183.93	520,350.63	78,578,968.48

17. Deferred tax assets and deferred tax liabilities

(1). Deferred tax assets

	2018	*2017*
Item	*Deductible temporary differences*	

(4). Expiration of deductible tax losses for those deferred tax assets not recognised

Year	*Balance at the end of the year*
2019	46,879,339.40
2020	108,233,487.89
2021	152,665,363.35
2022	80,446,394.07
2023 and thereafter	1,576,423,995.26
Total	1,964,648,579.97

(5). Unrecognised deferred tax liabilities

As at 31 December 2018, temporary differences relating to the undistributed profits of subsidiaries amounted to RMB 2,801,630,434.28 (2017: RMB 1,951,895,517.34). Deferred tax liabilities have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that profits will not be distributed in the foreseeable future.

18. Other non-current assets

20. Derivative financial liabilities

Item	*2018*	*2017*
Foreign currency forward contract	1,639,366.08	4,422,984.05
Interest rate swaps	34,130,689.94	4,167,957.61
Total	35,770,056.02	8,590,941.66

The relevant information on foreign currency forward contract and interest rate swaps can be referred to Note V.60 (1).

21. Bills and accounts payable

Summary statement

(1). Classification

Item	*2018*	*2017*
Bills payable	133,260,000.00	139,191,198.93
Accounts payable	9,660,840,126.91	5,127,856,178.22
Total	9,794,100,126.91	5,267,047,377.15

Bills payable

(1). Bills payable by category

Item	*2018*	*2017*
Commercial acceptance bills	-	6,698.93
Bank acceptance bills	133,260,000.00	139,184,500.00
Total	133,260,000.00	139,191,198.93

As at 31 December 2018, there was no balance of bills payable due but unpaid.

Accounts payable

(1). Accounts payable by category

Item	*2018*	*2017*
Purchase of raw material	9,576,552,238.08	4,822,790,529.85
Construction payable	84,287,888.83	305,065,648.37
Total	9,660,840,126.91	5,127,856,178.22

(2). Ageing

Ageing	*2018*
Within 1 year	9,660,840,126.91

As at 31 December 2018, there were no significant accounts payable with ageing of more than one year (31 December 2017: Nil).

22. Advances from customers

(1). Advances from customers by category

Item	*2018*	*2017*
Advances from sales	477,751,688.07	93,294,575.63
Advances on tooling and products development	72,414,473.75	59,353,396.67
Total	550,166,161.82	152,647,972.30

(2). Significant advances from customers with ageing of more than one year

As at 31 December 2018, there were no significant advances from customers with ageing of more than one year.

23. Employee benefits payable

(1). Employee benefits payable

Item	*Balance at the beginning of the year*	*Accrued during the year*	*Decreased during the year*	*Change in exchange rate*	*Balance at the end of the year*
Short-term employee benefits	453,741,212.26	9,211,618,753.25	8,564,964,063.72	35,227,338.54	1,135,623,240.33
Post-employment benefits - defined contribution plans	19,986,654.39	254,864,623.16	242,895,956.27	1,528,464.29	33,483,785.57
Termination benefits	12,614,699.11	5,436,983.21	-	72,755.66	18,124,437.98
Total	486,342,565.76	9,471,920,359.62	8,807,860,019.99	36,828,558.49	1,187,231,463.88

(2). Short-term benefits

Item	*Balance at the beginning of the year*	*Accrued during the year*	*Decreased during the year*	*Change in exchange rate*	*Balance at the end of the year*
Salaries, bonuses, allowances	261,395,835.42	7,082,594,154.57	6,595,266,469.43	23,979,336.30	772,702,856.86
Staff welfare	-	14,826,671.14	12,889,138.59	66,233.58	2,003,766.13
Social insurance	48,230,425.08	436,300,274.79	360,414,587.93	4,827,180.54	128,943,292.48
Including:Medical insurance	10,177,420.93	36,302,227.01	40,561,013.05	350,285.12	6,268,920.01
Work-related injury insurance	36,815.01	1,143,191.71	1,151,357.57	425.13	29,074.28
Maternity insurance	52,789.81	1,149,644.46	1,149,375.73	952.57	54,011.11
Comprehensive insurance	37,963,399.33	397,705,211.61	317,552,841.58	4,475,517.72	122,591,287.08
Housing fund	13,454,426.01	33,121,568.23	25,154,313.13	990,211.92	22,411,893.03
Labour union fee, staff and workers' education fee	2,872,663.88	2,903,582.49	842,045.73	218,182.50	5,152,383.14
Short-term paid absences	26,905,436.77	66,415,868.36	35,598,219.79	941,923.98	58,665,009.32
Other short-term employee benefits	100,882,425.10	1,575,456,633.67	1,534,799,289.12	4,204,269.72	145,744,039.37
Total	453,741,212.26	9,211,618,753.25	8,564,964,063.72	35,227,338.54	1,135,623,240.33

(3). Defined Contribution Plan

Item	*Balance at the beginning of the year*	*Accrued during the year*	*Decreased during the year*	*Change in exchange rate*	*Balance at the end of the year*
Basic pension fund	18,334,726.60	254,066,036.13	240,457,609.60	1,499,432.43	33,442,585.56
Unemployment insurance	1,651,927.79	798,587.03	2,438,346.67	29,031.86	41,200.01
Total	19,986,654.39	254,864,623.16	242,895,956.27	1,528,464.29	33,483,785.57

24. Taxes payable

Item	*2018*	*2017*
Value-added tax	99,989,452.29	158,580,006.08
Corporate income tax	311,843,342.46	174,900,042.22
Withholding individual income tax	95,452,646.39	44,493,643.16
Other taxes of overseas subsidiaries	8,568,515.04	16,827,520.37
Other taxes of domestic subsidiaries	9,130,334.49	8,414,666.64
Total	524,984,290.67	403,215,878.47

25. Other payables

Summary statement

(1). Classification

Item	*2018*	*2017*
Interest payable	160,322,787.20	67,501,999.48
Other payables	811,065,658.32	690,508,454.74
Total	971,388,445.52	758,010,454.22

Interest payable

(1). Interest payable by category

Item	*2018*	*2017*
Interest payable on debentures	129,503,837.53	14,380,444.42
Interest payable on short-term loans	30,818,949.67	53,121,555.06
Total	160,322,787.20	67,501,999.48

Other payables

(1). Other payables by category

Item	*2018*	*2017*
Equity transfer payable	10,150,000.00	258,327,508.75
Service charges payable	153,987,296.18	153,216,803.75
Freight charges payable	168,922,956.12	116,720,888.98
Accrued sales rebate	271,407,998.25	53,731,239.91

26. Non-current liabilities due within one year

Item	*2018*	*2017*
Long-term loans due within one year	988,019,266.86	377,974,019.64
Debentures payable within one year	-	399,811,075.39
Long-term payables due within one year	87,439,358.31	91,134,183.08
Total	1,075,458,625.17	868,919,278.11

27. Other current liabilities

Item	*2018*	*2017*
Short-term debentures payable	2,500,000,000.00	-
Provisions – Warranty provisions (due within 1 year)	393,273,463.16	361,247,244.69
Unfavorable customer contract (due within 1 year)	318,906,552.39	-
Others	327,441,971.44	152,216,927.71
Total	3,539,621,986.99	513,464,172.40

The movements of short-term debentures payable

Debenture	*Face value*	*Issuance date*	*Maturity period*	*Issuance amount*	*Balance at the beginning of the year*	*Issuance during the year*	*Interest at face value*	*Amortisation of discounts or premium*	*Repayment during the year*	*Balance at the end of the year*
18 Joyson Electronic CP001 (041800126)	1,000,000,000.00	28/03/2018	360	1,000,000,000.00	-	1,000,000,000.00	43,952,062.40	-	-	1,000,000,000.00
18 Joyson Electronic SCP001 (011800674)	500,000,000.00	13/04/2018	270	500,000,000.00	-	500,000,000.00	19,450,557.41	-	-	500,000,000.00
18 Joyson Electronic SCP002 (011802046)	1,000,000,000.00	29/10/2018	270	1,000,000,000.00	-	1,000,000,000.00	9,643,835.62	-	-	1,000,000,000.00
Total	/	/	/	2,500,000,000.00	-	2,500,000,000.00	73,046,455.43	-	-	2,500,000,000.00

28. Long-term loans

(1). Long-term loans by category

Item	*2018*	*2017*
Pledged loans	9,033,796,846.15	3,494,144,933.60
Mortgage loans	218,782,057.41	316,366,143.12
Guaranteed loans	1,002,209,090.27	1,155,274,268.13
Unsecured loans	1,996,294,991.69	2,077,351,337.79
Less: Long-term loans due within one year (Note V.26)	(988,019,266.86)	(377,974,019.64)
Total	11,263,063,718.66	6,665,162,663.00

As at 31 December 2018, the details of the pledges and collaterals for the above-mentioned loans can be referred to Note V.58 Assets with restricted ownership or right of use.

As at 31 December 2018, the annual interest rate for pledged loans is between 3.2% and 6.7%, for mortgage loans is between 1.4% and 4.9%, for guaranteed loans is between 0.9% and 4.75% and for unsecured loans is between 0.7% and 7.5%.

29. Debentures payable

(1). Debentures payable

Item	*2018*	*2017*
18 Joyson Electronic MTN001 (101800322)	1,000,000,000.00	-
15 Joyson Electronic MTN001 (101551025)	-	399,811,075.39
Less: Debentures payable due within one year (Note V.26)	-	(399,811,075.39)
Total	1,000,000,000.00	-

(2). Movements of debentures payable (excluding other financial instruments classified as financial liabilities, such as preference shares and perpetual bonds)

Debenture

(2). Movement of defined benefit plans liabilities

The present value of defined benefit plan obligations

Item	*2018*	*2017*

The defined benefit plans are the pension plans provided by Preh and Joyson Safety to their employees. In terms of defined benefit plan, an actuarial valuation is performed by independent actuary on the balance sheet date, and the cost and vesting period of benefits are determined using the expected cumulative benefit unit method.

The discount rate used by the Group in estimating the present value of the defined benefit plans is 1.0% ~ 4.2%.

32. Provisions

Item	*2018*	*2017*	*Reasons for the provision*
Warranty provision	1,116,151,381.00	502,871,780.14	Note I
Unfavourable customer contract	1,550,273,749.95	-	Note II
Restructuring provision	332,285,294.45	-	Note III
Less: due within one year	(712,180,015.55)	(361,247,244.69)	
Total	2,286,530,409.85	141,624,535.45	

Note I: The Group provides product warranty to the customers of automotive components during the warranty period in the event of any quality problems. The Group estimated and accrued for the provision for product warranty in respect of automotive components sold to customers based on the Group's recent claim experience. It is possible that the recent claim experience is not indicative of future claims that it will receive in respect of past sales, so a considerable level of management judgement is required and exercised to estimate the provision. Any increase or decrease in the provision would affect profit or loss in future years.

Note II: Unfavourable customer contracts, individually identified from purchase price allocation in respect of Acquisition of Takata Business, were entered into before the acquisition date, under which the unavoidable costs to fulfil the obligations after the acquisition date would exceed the economic benefits expected to be received from the contract. The fair value of the unfavourable customer contracts can be measured reliably. A contingent liability is recognised by the Group in the business combination.

Note III: The Group incurs restructruring obligations when it has a detailed and formal plan specifying the business concerned, the principal locations affected, the function and number of employees who will be compensated, the expected restructuring expenditures and the time which the plan will be implemented etc., a valid expectation has been raised in those affected by the plan that the Group will carry out the plan, by either starting to implement the plan or announcing the main features to those affected by it. The amount of a restructuring provision recognised by the Group is the direct expenditures arising from the restructuring, and direct expenditures do not include costs of ongoing activities.

33. Deferred income

Item	*Balance at the beginning of the year*	*Additions during the year*	*Reductions during the year*	*Balance at the end of the year*	*Reasons for the deferral*
Government grant - related to assets	9,872,500.00	29,229,000.00	11,283,389.17	27,818,110.83	Government grants related to assets
Advances from customers for project development	5,913,134.38	48,285,463.84	17,259,315.23	36,939,282.99	Advance from customers for project development
Total	15,785,634.38	77,514,463.84	28,542,704.40	64,757,393.82	/

Projects involving government grant

Item	*Balance at the beginning of the year*	*Additions*	*Included in non-operating income*	*Included in other comprehensive income*	*Other movement*	*Balance at the end of the year*	*Asset related / income related*
Production line energy-saving and emission -reduction project	200,000.00	-	-	40,000.00	-	160,000.00	Asset related
Long-term asset subsidy	3,312,500.00	29,229,000.00	-	11,123,389.17	-	21,418,110.83	Asset related
Renovation of coating line for energy-saving and emission reduction	360,000.00	-	-	120,000.00	-	240,000.00	Asset related
[redacted]							
Total	9,872,500.00	29,229,000.00	-	11,283,389.17	-	27,818,110.83	

36. Capital reserve

Item	*Balance at the beginning of the year*	*Additions during the year*	*Reductions during the year*	*Balance at the end of the year*
Share premium	9,975,186,312.34	-	-	9,975,186,312.34
Other capital reserves	21,735,350.81	-	123,959,077.13	(102,223,726.32)
Total	9,996,921,663.15	-	123,959,077.13	9,872,962,586.02

The decrease in capital during the year represents the difference between the amount of investment received from the strategic investors of Joyson Safety and the book value of its shareholding in Joyson Safety's net assets.

37. Treasury shares

Item	*Balance at the beginning of the year*	*Additions during the year*	*Reductions during the year*	*Balance at the end of the year*
Treasury shares	-	1,801,064,356.53		

39. Surplus reserve

Item	*Balance at the beginning of the year*	*Additions during the year*	*Reductions during the year*	*Balance at the end of the year*
Statutory surplus reserve	87,820,752.64	15,209,619.74	-	103,030,372.38
Total	87,820,752.64	15,209,619.74	-	103,030,372.38

40. Retained earnings

Item	*2018*	*2017*
Retained earnings at the beginning of the year (before adjustment)	1,886,188,764.28	1,715,166,061.64
Total adjustments for opening retained earnings ("+" for increase; "-" for decrease)	-	-
Retained earnings at the beginning of the year (after adjustment)	1,886,188,764.28	1,715,166,061.64
Add: Net profits for the year attributable to shareholders of the Company	1,317,989,789.35	395,870,260.54
Less: Appropriation for statutory surplus reserve	15,209,619.74	13,576,783.67
Dividends to ordinary shares	94,928,900.00	189,857,800.00
Appropriation for staff & workers bonus & welfare fund	22,647,973.09	21,412,974.23
Retained earnings at the end of the year	3,071,392,060.80	1,886,188,764.28

Pursuant to the shareholders'approval at the shareholders'general meeting on 23 May 2018, a cash dividend of RMB 0.10 per share (2017: RMB 0.20 per share), totalling RMB 94,928,900.00 (2017: RMB 189,857,800.00), was declared and paid to the Company's ordinary shareholders on 8 June 2018.

41. Operating income and operating costs

(1). Operating income and operating costs

Item	*2018*		*2017*	
	Income	*Cost*	*Income*	*Cost*
Principal activities	55,697,535,083.34	46,186,939,270.67	26,227,585,083.66	21,897,315,920.64
Other operating activities	483,394,867.72	443,867,950.31	378,015,189.24	347,995,814.11
Total	56,180,929,951.06	46,630,807,220.98	26,605,600,272.90	22,245,311,734.75

42. Taxes and surcharges

Item	*2018*	*2017*
Bussiness tax	23,305,287.20	-
City maintenance and construction tax	18,123,240.98	15,576,786.05
Education surcharge	23,172,014.19	19,002,158.05
Property tax	13,536,160.28	5,032,207.54
Land use tax	2,230,644.34	4,288,532.38
Stamp duty	8,580,172.10	9,186,389.95
Land value added tax	10,327,309.52	-
Others	2,926,241.86	993,185.45
Total	102,201,070.47	54,079,259.42

43. Selling and distribution expenses

Item	*2018*	*2017*
Staff costs	301,448,049.37	179,519,741.99
Transportation expenses	796,851,899.62	330,437,970.02
Warranty expenses	115,284,117.43	95,408,378.41
Sample charge	60,280,112.26	32,044,142.84
Service charge	31,676,193.40	24,792,050.12
Travel expenses	33,376,848.17	23,145,447.40
Advertisement	10,649,368.14	17,922,201.20
Rental charges	10,801,728.17	8,138,115.88
Warehouse	11,357,281.50	5,966,554.88
Depreciation and amortisation	16,795,487.64	25,124,787.12
Others	44,427,509.41	28,460,386.94
Total	1,432,948,595.11	770,959,776.80

44. General and administrative expenses

Item	*2018*	*2017*
Staff costs	1,181,480,481.54	719,744,211.84
Service charge	370,209,301.85	311,935,094.67
Depreciation and amortisation	213,877,617.64	89,235,409.33
Travel expenses	88,871,494.24	65,643,517.83
Office expenses	94,909,435.03	32,924,072.54
Rental charge	78,842,217.10	64,302,089.85
Insurance	75,554,755.25	25,680,179.54

45. Research and development expense

Item	*2018*	*2017*
Staff costs	1,499,242,846.58	440,202,698.67
material costs	227,817,279.05	36,284,943.61
Tooling costs	43,866,725.84	5,773,558.61
Depreciation	210,058,519.63	143,914,248.45
Amortisation	26,170,413.57	19,663,214.35
Outsourcing service fee	602,720,448.94	146,402,993.84
Consulting fee	32,529,807.27	11,770,152.85
Office expenses	13,406,131.18	18,441,007.85
Rental charge	16,420,215.95	11,743,646.03
Travel expenses	60,845,221.90	19,119,458.75
Repair and maintenance	43,559,795.84	16,907,348.07
Others	150,697,467.55	162,503,517.12
Total	2,927,334,873.30	1,032,726,788.20

46. Financial expenses

Item	*2018*	*2017*
Interest expenses from loans and payables	1,025,757,825.08	547,896,096.29
Less: Borrowing costs capitalised	(17,109,324.29)	(31,494,954.09)
Interest income from deposits and receivables	(49,989,466.09)	(20,980,388.54)
Net exchange losses	99,429,077.13	2,538,043.70
Other financial expenses	14,276,537.01	11,041,029.55
Total	1,072,364,648.84	508,999,826.91

The interest rate per annum, at which the borrowing costs were capitalised by the Group, was 4.90% (2017: 4.75%) for the year.

47. Impairment losses

Item	*2018*	*2017*
Accounts receivable	119,396,304.05	38,372,205.78
Inventories	90,691,612.83	122,545,275.42
Prepayments	419,168.93	-
Total	210,507,085.81	160,917,481.20

48. Other income

Item	*2018*	*2017*
Government grants		
- Government grants related to income	117,738,630.69	19,516,104.89
- Government grants related to assets	11,283,389.17	20,692,500.00
Total	129,022,019.86	40,208,604.89

49. Investment income

Item	*2018*	*2017*
Loss from long-term equity investments accounted for using the equity method	(3,896,217.50)	(5,425,056.70)
Investment income from holding financial assets at fair value through profit or loss	59,149,848.11	151,139,785.53
Investment income from disposal of financial assets held for trading	(210,378.61)	5,380,000.00
Investment income from disposal of long-term equity investments	-	540,188,341.07
Total	55,043,252.00	691,283,069.90

50. Gains from changes in fair value

Item	*2018*	*2017*
Gains from changes in fair value of derivative financial assets / liabilities	25,360,288.26	-

51. Gains from asset disposals

Item	*2018*	*2017*
Gains from disposals of fixed assets	5,274,363.87	9,177,116.26

52. Non-operating income

Item	*2018*	*2017*	*Amount recognised in extraordinary gain and loss in 2018*
Negative goodwill	1,984,642,070.57	-	1,984,642,070.57
Others	6,678,974.13	7,740,588.74	6,678,974.13
Total	1,991,321,044.70	7,740,588.74	1,991,321,044.70

53. Non-operating expenses

Item	*2018*	*2017*	*Amount recognised in extraordinary gain and loss in 2018*
Losses from disposal of non-current assets	81,486,638.37	6,091,297.38	81,486,638.37
Including: Losses from disposal of fixed assets	81,486,638.37	6,091,297.38	81,486,638.37
Donations	1,073,539.32	1,254,608.69	1,073,539.32
Losses from scrapping of E&O and defective goods	715,188.01	50,568,332.66	715,188.01
Others	2,809,348.87	1,181,050.45	2,809,348.87
Total	86,084,714.57	59,095,289.18	86,084,714.57

54. Income tax expenses

(1). Income tax expenses

Item	*2018*	*2017*
Current tax expense for the year based on tax law and regulations	679,230,409.08	496,004,213.02
Changes in deferred tax assets / liabilities	(47,636,375.71)	(242,580,312.94)
Tax filling differences	2,502,457.99	148,430.72
Total	634,096,491.36	253,572,330.80

(2). Reconciliation between income tax expenses and accounting profit:

Item	*2018*
Profits before taxation	2,760,834,803.25
Expected income tax expenses at statutory or applicable tax rate	690,208,700.81
Effect of different tax rates applied by subsidiaries	(286,708,020.61)
Adjustments to income tax of previous years	2,502,457.99
Effect of non-taxable income	(406,668,170.08)
Effect of non-deductible costs, expense and losses	89,755,991.58
Effect of using the deductible losses for which no deferred tax asset was recognised in previous period	(23,995,896.45)
Effect of deductible temporary differences or deductible losses for which no deferred tax asset was recognised this year	578,865,080.31
R&D super deduction effect	(27,438,938.40)
Withholding income tax of dividends of overseas subsidiaries	17,575,286.21
Income tax expenses	634,096,491.36

55. Other comprehensive income

See note V.38 for details.

56. Cash flow statement

(1). Proceeds relating to other operating activities:

Item	*2018*	*2017*
Repayment of restricted cash	31,386,961.00	15,169,545.18
Repayment of employee petty cash and borrowings	8,009,975.08	9,784,758.78
Government grants received	22,460,606.38	45,886,104.89
Insurance company compensation received	1,412,367.83	877,320.55
Interest received	1,211,821.80	14,274,257.34
Compensation received	923,261.78	6,029,571.39
Reimbursement of advance payment	169,031,365.98	146,355,472.59
Deposit received	9,172,539.38	8,469,994.39
Others	67,256,352.29	36,803,040.08
Total	310,865,251.52	283,650,065.19

(3). Details of cash and cash equivalents

Item	*2018*	*2017*
Cash at bank and on hand		
Including: Cash on hand	420	488,190.21
Bank deposits available on demand	7,307,893,383.79	3,857,485,790.24
Other monetary funds available on demand	-	-
Cash equivalent		
Including: Debentures due within three months	-	-
Closing balance of cash and cash equivalents	7,308,313,559.89	3,857,973,980.45

58. Assets with restricted ownership or right of use

Item	*Balance at the end of the year*	*Restricted reasons*
Cash at bank and on hand	508,486,504.60	As deposit
Inventories	1,442,722,777.46	Pledged loan, mortgage loan
Bills and accounts receivable	5,365,883,903.35	Pledged loan, mortgage loan
Prepayment	14,879,277.86	Pledged loan, mortgage loan
Other receivables	48,033,019.67	Pledged loan, mortgage loan
Other current assets	237,263,756.93	Pledged loan, mortgage loan
Long term receivables	6,671,727.95	Pledged loan, mortgage loan
Fixed assets	3,035,918,015.20	Pledged loan, mortgage loan
Intangible assets	131,241,652.24	Pledged loan, mortgage loan
Construction in progress	547,263,968.48	Pledged loan, mortgage loan
Long term deferred expense	1,197,477.41	Pledged loan, mortgage loan
Deferred tax assests	145,641,853.45	Pledged loan, mortgage loan
Other non current assets	44,370,097.44	Pledged loan, mortgage loan
Total	11,529,574,032.04	

59. Foreign currency translation

Item	*2018 foreign currency balance*	*Exchange rate*	*RMB balance*
Cash at bank and on hand			
Including: USD	8,921,374.61	6.8632	61,229,178.22
EURO	11,061,786.19	7.8473	86,805,154.77
New Lei (RON)	19,932,587.27	1.5916	31,724,705.90
Peso (MXN)	8,469,040.98	0.3484	2,950,613.88
Yen (JPY)	119,565,546.29	0.0619	7,401,107.32
PLN	11,923,041.15	1.8271	21,784,588.49
Baht (THB)	840.00	0.2110	177.24
Pound (GBP)	2,649.01	8.6762	22,983.34
Accounts Receivables			
Including: USD	238,628,818.26	6.8632	1,637,757,305.48
EURO	77,491,882.10	7.8473	608,102,046.40
New Lei (RON)	7,227,628.89	1.5916	11,503,494.14
Peso (MXN)	24,237.87	0.3484	8,444.47
Yen (JPY)	1,566,594.00	0.0619	96,972.17
PLN	32,888.43	1.8271	60,090.45
Baht (THB)	4,412,231.65	0.2110	930,980.88
Pound (GBP)	14,542.00	8.6762	126,169.30
Russian (RUB)	381.00	0.0986	37.57
Short term loan			
Including: USD	66,347,351.00	6.8632	

60. Hedging

Qualitative and quantitative disclosures of hedging items, related hedging instruments and hedging risks by hedging category are as follows:

(1). Cash flow hedges

(a) Interest rate swaps

The Group uses interest rate swaps to reduce the cash flow risks of variable interest rate, that is, to convert the variable interest rate into fixed interest rate. The interest rate swaps entered into in 2018 are designated as hedging instruments. The terms of the interest rate swaps are the same as the corresponding bank loans. The Group usesd the key terms comparison method to evaluate the effectiveness of hedging. The management of the Group believes that an interest rate swap is a highly effective hedging instrument. Its major terms are as follows:

Nominal amount	*Maturity date*	*Swap terms*
EURO 11,500,000.00	2022-6-28	The Euribor 6 months interest rate plus 0.95% is replaced with fixed interest rate of 0.525%
EURO 11,500,000.00	2022-6-28	The Euribor 6 months interest rate plus 0.95% is replaced with fixed interest rate of 0.525%
EURO 17,000,000.00	2024-6-28	The Euribor 6 months interest rate plus 1.15% is replaced with fixed interest rate of 0.810%
EURO 17,000,000.00	2024-6-28	The Euribor 6 months interest rate plus 1.15% is replaced with fixed interest rate of 0.816%

The Group uses interest rate swaps to reduce the cash flow risks arising from changes in interest rate. A net loss of RMB 7,616,768.26 from the fair value change in 2018 of the above swaps that meet the requirements of hedge accounting is included in other comprehensive income (Note V.55), and no profit or loss transferred out from other comprehensive income was recognised in the current year.

(b) Foreign currency forward contract

(2). Net investment hedging in an overseas operation

The foreign currency loan of USD 100 million is designated as net investment hedging in an overseas operation, and therefore, the changes in exhchange rate are included in other comprehensive income. Since hedging instruments are non-derivatives, the designated risk is spot foreign exchange risk. In 2018, the effect of net investment hedging in an overseas operation of RMB 37,970,000.00 (2017: Net loss of RMB 40,280,000.00) was included in other comprehensive income.

61. Government grants

(3). Government grants related to income

Item	*Additions during the year*	*Recognition as other income*	*Recognition as non-operating income*
R&D subsidy	927,300.00	927,300.00	-
Fixed assets investment subsidy	704,979.76	704,979.76	-
Subsidy for enterprise research institution	2,000,000.00	2,000,000.00	-
Refund of taxes and fees from Pudong district	46,458,993.82	46,458,993.82	-
Operation subsidy of Uruguay	17,796,624.55	17,796,624.55	-
Operation subsidy of Hungary	12,955,269.24	12,955,269.24	-
Operation subsidy of Macedonia	124,680.02	124,680.02	-
Substantial economy development funds	5,931,187.23	5,931,187.23	-
Effective investment reward	2,805,066.84	2,805,066.84	-
Special funds for foreign investment cooperation project subsidies	9,351,000.00	9,351,000.00	-
Subsidy for China's top 500 in manufacturing industry	5,000,000.00	5,000,000.00	-
2018 Business Promotion Special Funds Subsidy	5,305,700.00	5,305,700.00	-
Technical reform subsidy	1,806,500.00	1,806,500.00	-
Subsidy for trade with central and eastern Europe	110,100.00	110,100.00	-
Informationization upgrade subsidy	640,000.00	640,000.00	-
Subsidy for patents	30,000.00	30,000.00	-
Technical innovation subsidy	1,801,141.85	1,801,141.85	-
Special subsidy for stable growth	634,128.67	634,128.67	-
Refund of taxes and fees	621,757.77	621,757.77	-
Subsidy for stable employment	30,280.63	30,280.63	-
Social insurance subsidy for creating jobs	441,196.00	441,196.00	-
Operation subsidy of Preh Portugal	1,806,333.13	1,806,333.13	-
Others	456,391.18	456,391.18	-
Total	117,738,630.69	117,738,630.69	-

VI. Change of consolidation scope

1. Business combinations involving entities not under common control

(1). Business combinations involving entities not under common control during the year

Purchased entities name	*Acquisition date*	*Cost of equity investment*	*Shareholding acquired (%)*	*Acquisition method*	*Acquisition date*	*Determination basis of acquisition date*
Preh Sweden	2018-1-16	21,529,528.91	100.00	Equity transfer	2018-1-16	Completion of equity transfer
Acquisition of Takata business other than PSAN	2018-4-12	9,679,663,801.43	100.00	Equity and asset transfer	2018-4-12	Completion of equity transfer

Preh Sweden AB, subsidiary of the Company, acquired Konsberg Automotive ASA. As of 16 January 2018, the acquisition was completed.

The Company acquired the business of the liquidated Takata Corporation other than phase stabilized ammonium nitrate business through its wholly-owned subsidiary, KSS Holdings, Inc. (subsequently known as Joyson Auto Safety Holdings S.A.). As at 12 April 2018, the acquisition of Takata related business has been completed.

(2). Acquisition cost and goodwill

Acquisition cost	*Preh Sweden*	*Acquisition of Takata business other than PSAN*
Cash	21,529,528.91	9,679,663,801.43
Non-cash assets	-	-
Debts issued or assumed	-	-
Equity securities issued	-	-
Contingent consideration	-	-
Fair value of the equity interests held before acquisition date	-	-
Others	-	-
Total acquisition cost	21,529,528.91	9,679,663,801.43
Less: Fair value of the net identifiable assets acquired	(15,149,684.88)	(11,664,305,872.00)
Goodwill / Amount of acquisition cost less than the fair value of the net identifiable assets acquired	6,379,844.03	(1,984,642,070.57)

(3). Identifiable assets and liabilities of the acquiree at the acquisition date

	Preh Sweden		*Acquisition of Takata business other than PSAN*	
	Fair value	*Carrying amount*	*Fair value*	*Carrying amount*
Assets				
Cash at bank and on hand	-	-	2,809,076,687.86	2,809,076,687.86
Receivables	-	-	7,189,035,890.70	7,189,413,233.59
Inventories	1,937,699.53	1,937,699.53	3,946,102,139.76	3,912,107,691.02
Availiable–for–sale financial asset	-	-	654,292,460.00	592,734,950.11
Construction in progress	-	-	502,463,927.99	511,437,686.53
Fixed assets	9,713,029.58	10,812,032.06	5,157,660,370.31	4,489,794,437.80
Intangible assets	7,626,914.58	-	379,446,160.62	127,585,037.18
Deferred tax asset	-	-	267,545,907.67	267,545,907.67
Liabilities				

VII. Interests in other entities

1. Interests in subsidiaries

(1). Composition of the Group

Name of the Subsidiary	Principal place of business	Registration place	Business nature	Shareholding percentage (%)

Name of the Subsidiary	Principal place of business	Registration place	Business nature	Shareholding percentage (%)		Acquisition method
				Direct	*Direct*	
Key Safety Systems Hong Kong Limited (Note3)	Hong Kong	Hong Kong	Investment holding		69.22	Business combinations involving entities under common control
Joyson Safety Systems Hungary Kft. (Note3)	Hungary	Hungary	Manufacturing of automotive components		69.22	

Name of the Subsidiary	Principal place of business	Registration place	Business nature	Shareholding percentage (%)		Acquisition method
				Direct	*Direct*	
Joyson Auto Safety S.A. (Note3)	Luxembourg	Luxembourg	Investment holding		69.22	Business combinations involving entities not under common control
Joyson Safety Systems Holdings No.3 S.à r.l. (Note3)	Luxembourg	Luxembourg	Investment holding		69.22	Business combinations involving entities not under common control
Joyson Safety Systems Holdings No.1 S.à r.l. (Note3)	Luxembourg	Luxembourg	Investment holding		69.22	Business combinations involving entities not under common control
Joyson Safety Systems Holdings No.2 S.à r.l. (Note3)	Luxembourg	Luxembourg	Investment holding		69.22	Business combinations involving entities not under common control
Joyson Safety Systems Luxembourg S.à r.l. (Note3)	Luxembourg	Luxembourg	Investment holding		69.22	Business combinations involving entities not under common control
Joyson Safety Systems Holdings No.4 S.à r.l. (Note3)	Luxembourg	Luxembourg	Investment holding		69.22	Business combinations involving entities not under common control
Joyson Safety Systems Maroc S.à r.l. (Note3)	Morocco	Morocco	Manufacturing of automotive components		69.22	Business combinations involving entities not under common control
Joyson Safety Systems Macedonia Dooel (Note3)	Macedonia	Macedonia	Manufacturing of automotive components		69.22	Business combinations involving entities not under common control
Ningbo Joyson Safety Systems Mexico S.de R.L. de C.V. (Note3)	Mexico	Mexico	Manufacturing of automotive components		69.22	Business combinations involving entities not under common control
Equipo Automotoriz Americana S.A. de C.V. (Note3)	Mexico	Mexico	Manufacturing of automotive components		69.22	Business combinations involving entities not under common control
Falcomex S.A. de C.V. (Note3)	Mexico	Mexico	Manufacturing of automotive components		69.22	Business combinations involving entities not under common control
Safety Autoparts Mexico S. de R.L.de C.V. (Note3)	Mexico	Mexico	Manufacturing of automotive components		69.22	Business combinations involving entities not under common control
Key Automotive Accessories De Mexico (Note3)	Mexico	Mexico	Manufacturing of automotive components		69.22	Business combinations involving entities not under common control
Key Automotive Direct de Mexico, S. de R.L. de C.V. (Note3)	Mexico	Mexico	Manufacturing of automotive components		69.22	Business combinations involving entities not under common control
Key Safety Systems de Mexico (Note3)	Mexico	Mexico	Manufacturing of automotive components		69.22	Business combinations involving entities not under common control
Joyson Safety Systems (M) Sdn. Bhd (Note3)	Malaysia	Malaysia	Manufacturing of automotive components		69.22	Business combinations involving entities not under common control
Joyson Safety Systems International Finance B.V. (Note3)	Holland	Holland	Investment holding		69.22	Business combinations involving entities not under common control
RTA Holdings, Inc. (Note3)	Philippines	Philippines	Investment holding		27.69	Business combinations involving entities not under common control
RTA Properties, Inc. (Note3)	Philippines	Philippines	Investment holding		44.30	Business combinations involving entities not under common control
Joyson Safety Systems (Philippines) Corporation(Note3)	Philippines	Philippines	Manufacturing of automotive components		69.22	Business combinations involving entities not under common control
Joyson Safety Systems Poland sp. z o.o. (Note3)	Poland	Poland	Manufacturing of automotive components		69.22	Business combinations involving entities not under common control
Takata Sibiu S.R.L. (Note3)	Romania	Romania	Manufacturing of automotive components		68.53	Business combinations involving entities not under common control
Takata Romania S.R.L. (Note3)	Romania	Romania	Manufacturing of automotive components		68.53	Business combinations involving entities not under common control

The disclosure of the resons why holding half or less than half of the voting rights while being with control of the investee, or holding more than half of the voting rights while being without control of the investee:

Note 1: Ningbo Chancheng Joyson New Energy Technology Co., Ltd. is established by the Company with a contribution of RMB 20 million, representing 40.00%. Since the Company accounts for three of the five seats of this company's Board of Directors and has actual control over it, it is included in the consolidation scope as a subsidiary.

Note 2: According to the articles of association of Yanfeng KSS (Shanghai) Automotive Safety Systems Co., Ltd. ("Yanfeng KSS"), the Board of Directors should consist of eight directors, four of whom should be nominated by Yanfeng Auto Trims System Co., Ltd. – a shareholder of Yanfeng KSS and the other four nominated by Key Safety Systems, Inc. Key Safety Systems, Inc. could nominate vice chairman, general manager and finance manager. If a deadlock occurs regarding the proposal submitted to the Board of Directors, the vice chairman shall have an additional vote to support or oppose the proposal in deadlock and have actual control over it. Therefore, it is included in the consolidation scope as a subsidiary.

Note 3: These companies are held by the Company through its non-wholly-owned subsidiary, Joyson Auto Safety Holdings S.A. The proportion of ownership interest indirectly held by the Company is multiplied by the Company's proportion of ownership interest directly to Joyson Auto Safety Holdings S.A. of 69.22% and the ownership interest to these companies held by Joyson Auto Safety Holdings S.A.

(2). Material non-wholly owned subsidiaries

(Expressed in ten thousand, Currency: RMB)

Name of the Subsidiary	*Proportion of ownership interest held by non-controlling interests*	*Profit or loss allocated to non-controlling interests during the year*	*Dividend declared to non-controlling shareholders during the year*	*Balance of non-controlling interests at the end of the year*
Yanfeng Key	50.1%	32,509.33	-	83,100.71

(3). Key financial information about Yanfeng Key

(Expressed in ten thousand, Currency: RMB)

Name of the Subsidiary	*2018*						*2017*					
	Current assets	Non current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Yanfeng Key	346,379.15	49,936.28	396,315.43	198,966.01	16,726.89	215,692.90	286,593.69	58,111.71	344,705.40	208,230.83	16,198.70	224,429.53

Name of the Subsidiary	*2018*				*2017*			
	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities
Yanfeng Key	586,334.15	64,888.89	64,888.89	64,552.85	602,542.97	61,302.53	61,302.53	111,240.47

VIII. Risk related to financial instruments

The Group has exposure to the following main risks from its use of financial instruments in the normal course of the Group's operations:

- Credit risk
- Liquidity risk
- Interest rate risk
- Foreign currency risk

The following mainly presents information about the Group's exposure to each of the above risks and their sources, their changes during the year, and the Group's objectives, policies and processes for measuring and managing risks, and their changes during the year.

The Group aims to seek appropriate balance between the risks and benefits from its use of financial instruments and to mitigate the adverse effects that the risks of financial instruments have on the Group's financial performance. Based on such objectives, the Group'sTrp' an7 s fi6

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet.

(3) Interest rate risk

Interest-bearing financial instruments at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest risk, respectively. The Group determines the appropriate weightings of the fixed and floating rate interest-bearing instruments based on the current market conditions and performs regular reviews and monitoring to achieve an appropriate mix of fixed and floating rate exposure.

(a) The interest-bearing financial instruments held by the Group on 31 December are as follows:

Fixed Rate Financial Instruments:

Item	*2018*	
	Actual rate	*Amount*
Financial assets		
- Cash on h[redacted]at bank	3.10%	585,600,000.00
- Long term receivables		

(4) Foreign currency risk

In respect of cash at bank and on hand, accounts receivable and payable, short-term loans and long-term loans denominated in foreign currencies other than the functional currency, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

As at 31 December, the Group's exposure to currency risk arising from recognised assets or liabilities denominated in foreign currencies is presented in the following tables. For presentation purposes, the amounts of the exposure are shown in Renminbi, translated using the spot rate at the balance sheet date. Differences resulting from the translation of foreign currency financial statements are excluded.

	2018		*2017*	
	Balance at foreign currency	*Balance at RMB equivalent*	*Balance at foreign currency*	*Balance at RMB equivalent*
Cash at bank and on hand		211,918,509.16		133,084,073.14
- USD	8,921,374.61	61,229,178.22	7,130,985.98	46,595,288.62
- EURO	11,061,786.19	86,805,154.77	6,066,423.95	47,332,059.52
- New Lei (RON)	19,932,587.27	31,724,705.90	18,169,651.19	30,397,364.41
- Peso (MXN)	8,469,040.98	2,950,613.88	2,738,746.55	907,921.95
- Yen (JPY)	119,565,546.29	7,401,107.32	135,643,257.00	7,851,438.64
- PLN	11,923,041.15	21,784,588.49	-	-
- Baht (THB)	840.00	177.24	-	-
- Pound (GBP)	2,649.01	22,983.34	-	-
Accounts receivable		2,258,585,540.86		921,444,232.70
- USD	238,628,818.26	1,637,757,305.48	11,640,772.76	76,063,137.32
- EURO	77,491,882.10	608,102,046.40	79,851,518.84	623,025,505.40
- New Lei (RON)	7,227,628.89	11,503,494.14	131,121,838.05	219,363,500.79
- Peso (MXN)	24,237.87	8,444.47	-	-
- Yen (JPY)	1,566,594.00	96,972.17	51,692,020.00	2,992,089.19
- PLN	32,888.43	60,090.45	-	-
- Baht (THB)	4,412,231.65	930,980.88	-	-
- Pound (GBP)	14,542.00	126,169.30	-	-
- Russian (RUB)	381.00	37.57	-	-
Short-term loans		(543,757,147.58)		(196,026,000.00)
- USD	(66,347,351.00)	(455,355,139.38)	(30,000,000.00)	(196,026,000.00)
- EURO	(11,265,277.00)	(88,402,008.20)	-	-
Long-term loans		(1,563,916,628.03)		(755,532,601.26)
- USD	(97,077,860.08)	(666,264,769.30)	(100,000,000.00)	(653,420,000.00)
- EURO	(106,927,562.00)	(839,092,657.28)	(13,087,500.00)	(102,112,601.26)
- CZK	(199,452,321.02)	(58,559,201.45)	-	-
Accounts payable				

	2018		*2017*	
	Balance at foreign currency	*Balance at RMB equivalent*	*Balance at foreign currency*	*Balance at RMB equivalent*
Gross balance sheet exposure				
- USD	1,493,046.24	10,247,074.95	(113,574,415.11)	(742,117,943.26)
- EURO	(108,727,926.47)	(853,220,657.39)	(73,727.47)	(575,243.99)
- New Lei (RON)	(21,247,822.72)	(33,818,034.64)	(18,118,696.39)	(30,312,118.33)
- Peso (MXN)	(24,000,107.00)	(8,361,637.28)	(8,549,296.54)	(2,834,177.53)
- Yen (JPY)	(2,546,801,804.71)	(157,647,031.71)	181,877,887.00	10,527,637.72
- PLN	9,678,439.25	17,683,476.36	-	-
- Baht (THB)	(71,087,406.80)	(14,999,442.83)	-	-
- Pound (GBP)	(59,357.97)	(515,001.62)	-	-
- Russian (RUB)	381.00	37.57	-	-
- ZAR	(3,566.03)	(1,702.42)	-	-

IX. Fair value disclosure

The following table presents the fair value information and the fair value hierarchy, at the end of the current reporting period, of the Group's assets and liabilities which are measured at fair value at each balance sheet date on a recurring or non-recurring basis. The level in which fair value measurement is categorised is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement. The levels are defined as follows:

Level 1 inputs: unadjusted quoted prices in active markets that are observable at the measurement date for identical assets or liabilities;

Level 2 inputs: inputs other than Level 1 inputs that are either directly or indirectly observable for underlying assets or liabilities;

Level 3 inputs: inputs that are unobservable for underlying assets or liabilities

1. Final fair value of assets and liabilities measured at fair value

Item	*Fair value at the end of the year*			
	Level 1	*Level 2*	*Level 3*	*Total*
Fair value measured on a recurring basis				
Derivative financial assets	-	1,760,119.22	-	1,760,119.22
Wealth management products	-	802,816,301.36	-	802,816,301.36
Total assets measured at fair value on a recurring basis	-	804,576,420.58	-	804,576,420.58
Derivative financial liabilities	-	35,770,056.02	-	35,770,056.02
Total liabilities measured at fair value on a recurring basis	-	35,770,056.02	-	35,770,056.02

2. Valuation techniques used and the qualitative and quantitative information of key parameters for fair value measurements categorised of Level 2 on a recurring and non-recurring basis

The fair value of forward exchange contracts included in derivative financial assets is determined by discounting the difference between the contractual exercise price and the market forward price. The discount rate used is derived from the relevant government yield curve as at the end of the reporting period.

The fair value of interest rate swaps included in derivative financial assets is the estimated amount that would be received or paid to terminate the swap at the end of the reporting period, taking into account of current interest rates and the current creditworthiness of the swap counterparties.

During 2018, there were no transfers between Level 1 and Level 2 of the Group's financial instruments, as well as no transfers into or out of Level 3.

3. Fair values of financial assets and liabilities not measured at fair value

The carrying amounts of all financial instruments are not materially different from their fair value as at 31 December.

X. Related parties and related party transactions

1. Information about the parent of the Company

4. Information on other related parties

Name of other related parties	*Related party relationship*
Ningbo Joyson Real Estate Development Co., Ltd.	Under common control of ultimate controlling party
Ningbo Joyson Asset Management Co., Ltd.	Under common control of ultimate controlling party
Ningbo Longze Properties Co., Ltd.	Under common control of ultimate controlling party
Ningbo Sci-Tech Park Joyson Property Management Co., Ltd.	Under common control of ultimate controlling party
Joyson Europe Holding GmbH	Under common control of ultimate controlling party
PIA Automation Holding GmbH	Under common control of ultimate controlling party
Preh IMA Automation GmbH	Under common control of ultimate controlling party
Preh IMA Automation Amberg GmbH	Under common control of ultimate controlling party
Ningbo Joyson Preh Industrial Automation & Robot Co., Ltd.	Under common control of ultimate controlling party
PIA Automation USA Inc.	Under common control of ultimate controlling party
Ningbo PIA Automation Holdings Co.,Ltd.	Under common control of ultimate controlling party
PIA Automation Bad Neustadt GmbH	Under common control of ultimate controlling party
Ningbo Dongqian Lake Tourist Resort Hanling Development Co., Ltd	Under common control of ultimate controlling party
Yanfeng Automotive Trim Co., Ltd. ("Yanfeng Automotive Trim")	Minority shareholder of significant non-wholly-owned subsidiary
Fan Jinhong	Director
Tang Yuxin	Director,Executive
Christoph Hummel	Director
Liu Yuda	Director
Yu Kai	Director,Executive
Guo Zhiming	Supervisor
Weng Chunyan	Supervisor
Wang Xiaowei	Supervisor
Liu Yuan	Executive
Li Junyu	Executive

5. Transactions with related parties

(1). Purchase / sales of goods and receiving / rendering of services

Purchase of goods / receiving of services

Name of related party	*Nature of transaction*	*2018*	*2017*
Ningbo PIA Automation Holdings Co.,Ltd.	Purchase of goods / Receiving of services	65,753,557.55	-
PIA Automation Bad Neustadt GmbH	Purchase of goods / Receiving of services	56,974,096.64	-
Preh IMA Automation Amberg GmbH	Purchase of goods / Receiving of services	29,791,886.47	10,838,739.37
Ningbo Sci-Tech Park Joyson Property Management Co., Ltd.	Purchase of goods / Receiving of services	12,675,061.87	-
Yanfeng Automotive Trim	Receiving of services	5,000,000.00	5,000,000.00
PIA Automation USA Inc.	Purchase of goods / Receiving of services	2,081,547.86	-
Ningbo Junyuan Plastic Technology Co.,Ltd.	Purchase of goods	1,026,358.87	-
Preh IMA Automation GmbH	Purchase of goods / Receiving of services	-	53,321,644.06
Ningbo Joyson Preh Industrial Automation & Robot Co., Ltd.	Purchase of goods	-	7,850,216.14
PIA Automation Holding GmbH	Purchase of goods / Receiving of services	-	6,530,455.40
AutoIO Thechology Co.,Ltd.	Receiving of services	-	56,603.77
Total		173,302,509.26	83,597,658.74

Sale of goods / rendering of services

Name of related party	*Nature of transaction*	*2018*	*2017*
PIA Automation Holding GmbH	Sale of goods	8,991,182.03	455,864.34
Ningbo PIA Automation Hholdings Co.,Ltd.	Rendering of services	476,708.66	-
Preh IMA Automation Amberg GmbH	Sale of goods	244,731.78	247,628.62
Joyson Holding Co., Ltd	Rendering of services	65,362.38	93,660 431

(2). Related party trusteeship / contracting arrangement and entrusted management / outsourcing

The Company has no related party trusteeship, contracting arrangement and entrusted management or outsourcing.

(3). Leases

As the lessor:

Name of related party	*Nature of transaction*	*2018*	*2017*
Ningbo PIA Automation Holdings Co.,Ltd.	Buildings	1,644,242.64	-
Joyson Holding Co., Ltd	Buildings	760,464.10	620,496.00
Ningbo Dongqian Lake Tourist Resort Hanling Development Co., Ltd.	Buildings	708,756.10	-
Ningbo Longze Properties Co., Ltd.	Buildings	60,000.00	540,000.00
Joyson Europe Holding GmbH	Buildings	26,118.96	25,517.70
Ningbo Joyson Preh Industrial Automation & Robot Co., Ltd.	Buildings	-	676,417.35
Ningbo Joyson Real Estate Development Co., Ltd.	Buildings	-	180,000.00
Total		3,199,581.80	2,042,431.05

As the lessee:

Name of lessor	*Type of assets leased*	*Lease expense recognised in 2018*	*Lease expense recognised in 2017*
Ningbo Joyson Asset Management Co., Ltd.	Buildings	2,142,857.14	2,184,466.02
PIA Automation Bad Neustadt GmbH	Buildings	283,485.41	-
Total		2,426,342.55	2,184,466.02

(4). Guarantee

The Company as the guarantee holder

Name of guarantor	*Amount of guarantee*	*Inception date of guarantee*	*Maturity date of guarantee*	Guarantee completed (Yes / No)
Joyson Holding Co., Ltd	200,000,000.00	12/01/2018	11/01/2019	No
Joyson Holding Co., Ltd	69,000,000.00	04/04/2018	03/04/2019	No
Joyson Holding Co., Ltd	160,000,000.00			

(5). Funding from related party

Name of related party	*Amount of funding*	*Inception date*	*Maturity date*	*Remarks*
Funds provided				
Ningbo Junyuan Plastics Technology Co., Ltd.	10,000,000.00	2017-10-1	2019-12-31	
Ningbo Junyuan Plastics Technology Co., Ltd.	6,000,000.00	2018-4-4	2019-12-31	
Ningbo Junyuan Plastics Technology Co., Ltd.	3,880,000.00	2018-3-6	2019-12-31	
Ningbo Junyuan Plastics Technology Co., Ltd.	2,000,000.00	2018-10-23	2019-12-31	
Total	21,880,000.00			

(6). Transfer of assets and debt restructuring

The Company has no transfer of assets or debt restructuring.

(7) Remuneration of key management personnel

(Expressed in ten thousand, Currency: RMB)

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6. Receivables from and payables to related parties

(1). Receivables from related parties

Item	*Related party*	*2018*		*2017*	
		Book value	*Provision for bad and doubtful debts*	*Book value*	*Provision for bad and doubtful debts*
Other receivables/ Accounts receivables/ Prepayments/	Ningbo Junyuan Plastics Technology Co., Ltd.	22,982,137.12	1,149,106.86	10,000,000.00	-
Prepayments	PIA Automation Bad Neustadt GmbH	9,374,571.16	-	-	-
Prepayments	Ningbo PIA Automation Holdings Co.,Ltd.	3,532,953.73	-	-	-
Accounts receivables	Preh IMA Automation Amberg GmbH	244,731.78	-	-	-
Accounts receivables	Joyson Holding Co., Ltd	65,669.51	-	70,107.72	-
Other receivables	PIA Automation Holding GmbH	7,980.94	399.05	3,481.78	-
Other receivables	Joyson Europe Holding GmbH	429.56	21.48	-	-
Other receivables	Preh IMA Automation GmbH	-	-	4,686,357.87	-
	Total	36,208,473.80	1,149,527.39	14,759,947.37	-

(2). Payables to related parties

Item	*Related party*	*2018*	*2017*
Accounts payable	Preh IMA Automation Amberg GmbH	21,119,891.74	1,042,675.97
Accounts payable	PIA Automation Bad Neustadt GmbH	6,555,182.81	-
Accounts payable	Ningbo PIA Automation Holdings Co.,Ltd.	2,788,647.60	-
Accounts payable	Ningbo Joyson Asset Management Co., Ltd.	1,328,571.00	-
Accounts payable	Ningbo Junyuan Plastics Technology Co., Ltd.	750,136.87	-
Accounts payable	Preh IMA Automation GmbH	-	18,997,733.75
Accounts payable	PIA Automation Holding GmbH	-	5,743,915.38
Accounts payable	Ningbo Joyson Preh Industrial Automation & Robot Co., Ltd.	-	

XI. Commitments and contingencies

1. Significant commitments

(1). Capital commitments

Item	*2018*	*2017*
Investment in fixed assets and intangible assets		5,854,352,045.82
Purchase major assets of Takata business	-	10,376,309,600.00
Total		16,230,661,645.82

(2). Operating lease commitments

As at 31 December, the total future minimum lease payments under non-cancellable operating leases of properties and equipments were payable as follows:

Item	*2018*	*2017*
Within 1 year (inclusive)	485,255,787.44	250,527,487.30
After 1 year but within 2 years (inclusive)	246,248,681.10	155,915,528.50
After 2 years but within 3 years (inclusive)	221,843,136.12	153,059,208.50
After 3 years	918,581,839.90	610,393,442.10
Total	1,871,929,444.56	1,169,895,666.40

2. Contingencies

The Group is the defendant in certain cases and the designated party to the litigation that occurred in the course of other day-to-day business activities. The management has assessed the possible adverse consequences of these contingencies, lawsuits and other legal procedures, and believes that any resulting liabilities will not have material adverse effects on the Group's financial position, operating performance or cash flows.

XII. Subsequent events

On 19 February 2019, Ningbo Shengxin Electronics Technology Co., Ltd., a subsidiary of the Company, signed an equity transfer agreement with Ningbo Industrial Development Investment Co., Ltd. (hereinafter referred to as "Ningbo Industrial Investment") and Zhongxin Integrated Circuits (Ningbo) Co., Ltd. (hereinafter referred to as "Zhongxin Ningbo"), to sell 4.8352% of its ownership of Zhongxin Ningbo to Ningbo Industrial Investment at a consideration of RMB 99.5 million.

On 11 March 2019, Highland Industries, Inc. entered into an asset purchase agreement with Tex-Tech Coatings, LLC. According to the agreement, Tex-Tech Coatings, LLC acquired certain assets of Highland Industries, Inc. at a consideration of USD 50 million, subject to the price adjustment clauses as defined in the assets purchase agreement. As of the reporting date, the transaction has not completed.

XIII. Other significant items

1. Segment reporting

(1). The basis for determining the reporting segment and accounting policies

The Group has several reportable segments, which are automobile safety systems, human-computer interaction products, intelligent auto interconnection business (including electronic products of new energy vehicle) and automotive components, etc. Each reportable segment is a separate business unit which offers different products and services, and is managed separately because they require different technology and marketing strategies.

For the purposes of assessing segment performance and allocating resources between segments, the Group's management regularly reviews the operating income from external customers, the gross margin of external transactions, total assets and liabilities.

(2). Information about revenue, profit, assets and liabilities of the reporting segment

Item	*Automotive safety systems business segment*	*Human computer interface poduct and intellgent auto interconnection business segment*	*Automotive components segment*	*Others*	*Elimination among segments*	*Total*
Operating income from external						

Accounts receivable

(1). Accounts receivable by category:

	2018					2017				
	Book value		Provision for bad and doubtful debts		Carrying amount	Book value		Provision for bad and doubtful debts		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)		Amount	Percentage (%)	Amount	Percentage (%)	
Individually significant and assessed for impairment individually	-	-	-	-	-	-	-	-	-	-
Collectively assessed for impairment based on credit risk characteristics	7,915,539.39	100	-	-	7,915,539.39	5,644,886.30	100	-	-	5,644,886.30
Individually c(t)-15.7 n(ic										

Dividends receivable

(1). Dividends receivable

Item (invested entities)	*2018*	*2017*
Ningbo Joysonquin Automative Systems Holding Co.,Ltd.	184,353,986.83	209,628,986.83
Ningbo Joyson Technology Co.,Ltd.	93,850,699.53	104,803,654.87
Total	278,204,686.36	314,432,641.70

Other receivable

(1). Other receivables by category:

Category	*2018*					*2017*				
	Book value		*Provision for bad and doubtful debts*		*Carrying amount*	*Book value*		*Provision for bad and doubtful debts*		*Carrying amount*
	Amount	*Percentage (%)*	*Amount*	*Percentage (%)*		*Amount*	*Percentage (%)*	*Amount*	*Percentage (%)*	
Individually significant and assessed for impairment individually	-	-	-	-	-	-	-	-	-	-
Collectively assessed for impairment based on credit risk characteristics	2,391,071,672.84	100	-	-	2,391,071,672.84	829,349,468.56	100	-	-	829,349,468.56
Individually insignificant but assessed for impairment individually			-	-	-	-	-	-	-	-
Total	2,391,071,672.84	/	-	/	2,391,071,672.84	829,349,468.56	/	-	/	829,349,468.56

Based on credit risk characteristics, other receivables in risk-free portfolio:

Nature	*2018*	*2017*
Other receivables in risk-free portfolio	2,391,071,672.84	829,349,468.56
Total	2,391,071,672.84	829,349,468.56

(2). Other receivables by nature

Nature of receivables	*2018*	*2017*

(4). Five largest other receivables by debtor at the end of the year:

Item	*Nature*	*2018*	*Ageing*	*Proportion of the total balance (%)*	*Provision for bad and doubtful debts*
Unit A	Related party borrowing	945,748,960.00	Within 1 year	39.55	-
Unit B	Related party borrowing	754,952,000.00	Within 2 years	31.57	-
Unit C	Related party borrowing and transaction	325,083,359.84	Within 2 years	13.60	-
Unit D	Related party borrowing	282,100,772.00	Within 1 year	11.80	-
Unit E	Related party transaction	17,000,000.00	Within 2 years	0.71	-
Total	/	2,324,885,091.84	/	97.23	-

(5). Others-government grants

Eintity	*Government subsidy project name*	*Balance at the end of the year*	*Ageing at the end of the year*	*Expected time of receipt, amount and basis*
Ningbo Joyson Electronic Corp.	Business promotion in 2018 (2017 outbound project funds)	5,305,700.00	Within 1 year	Received in January 2019

3. Long-term equity investments

Item	*2018*			*2017*		
	Book value	*Provision for impairment*	*Carrying amount*	*Book value*	*Provision for impairment*	*Carrying amount*
Investments in subsidiaries	13,120,966,125.55	-	13,120,966,125.55	13,030,966,125.55	-	13,030,966,125.55
Investments in joint ventures and associates	-	-	-	-	-	-
Total	13,120,966,125.55	-	13,120,966,125.55	13,030,966,125.55	-	13,030,966,125.55

(1). Investments in subsidiaries

Investee	*Balance at the beginning of the year*	*Increae during the year*	*Decrease during the year*	*Balance at the end of the year*	*Provison for impairment*	*Balance of provison for impairment at the end of the year*
Joyson Auto Safety Holding S.A.	7,950,095,845.23	-	-	-	-	7,950,095,845.23
Ningbo Joysonquin Automative Systems Holding Co.,Ltd	1,074,417,250.54	-	-	-	-	1,074,417,250.54
QUIN GmbH	488,370,300.00	-	-	-	-	488,370,300.00
Ningbo Joyson Intelligent Telematics Co., Ltd.	133,000,000.00	-	-	-	-	133,000,000.00
Ningbo Joyson Technology Co., Ltd.	638,407,746.53	-	-	-	-	638,407,746.53
Ningbo Chancheng Joyson New Energy Technology Co., Ltd.	20,000,000.00	-	-	-	-	20,000,000.00
Ningbo Joyson Preh Intelligent Telematics Co., Ltd.	110,000,000.00	90,000,000.00	-	-	-	200,000,000.00
Joyson Europe GmbH	4,113,220.00	-	-	-	-	4,113,220.00
Preh GmbH	2,512,561,763.25	-	-	-	-	2,512,561,763.25
Shanghai Joyson Bairui Autonomous Vehicles Research & Development Co., Ltd.	100,000,000.00	-	-	-	-	100,000,000.00
Total	13,030,966,125.55	90,000,000.00	-	-	-	13,120,966,125.55

4. Operating income and operating costs

(1). Operating income and operating costs

Item	*2018*		*2017*	
	Operating income	*Operating costs*	*Operating income*	*Operating costs*
Principal activities	-	-	-	-
Other operating activities	17,055,113.45	-	12,007,596.00	-
Total	17,055,113.45	-	12,007,596.00	-

5. Operating income

Item	*2018*	*2017*
Income from long-term equity investments accounted for using cost method	72,689,250.00	184,422,391.95
Investment income from disposal of financial assets at fair value through profit or loss	59,149,848.11	132,686,047.32
Investment income from disposal of available-for-sale financial assets	2,550,000.00	-
Total	134,389,098.11	317,108,439.27

XV. Extraordinary gains and losses in 2018

1. Extraordinary gains and losses in 2018

Item	*Amount*	*Note*
Disposal of non-current assets	(86,716,378.03)	
Tax refunds, exemptions and reductions without proper approval or without formal approval documents	-	
Government grants recognised through profit or loss (excluding those having close relationships with the Group's operation and enjoyed in fixed amount or quantity according to uniform national standard)	129,022,019.86	
Fund usage fees received / receivable from non-financial institutions recognised in profit or loss	-	
Excess of interest in the fair value of investee's identifiable net assets over investment costs of subsidiaries, associates and joint ventures acquired	1,984,642,070.57	
Exchange of non-monetary assets	-	
Investment income or loss from entrusted investments or assets management	59,149,848.11	
Impairment of assets arising from uncontrollable factors, such as natural disasters		

2. Return on net assets and earnings per share

Profit for the reporting period	*Weighted average return on net assets (%)*	*Earnings per share*	
		Basic earnings per share	*Diluted earnings per share*
Net profit attributable to the Company's ordinary equity shareholders	10.49	1.43	1.43
Net profit excluding extraordinary gain and loss attributable to the Company's ordinary equity shareholders	7.25	0.99	0.99