

**SMR Automotive (Langfang) Co., Ltd**

**Audit Report**

**Langfang Shi Rui Tai Accountants Firm Co., Ltd**

**Audit(2021) NO.131**

**CPA**



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# Audit report

LANGRUITAIAUDIT (2021) No.131

To the shareholders of SMR Automotive (Langfang) Co., Ltd:

## 1. Auditor's opinion

We have audited the financial statements of SMR Automotive (Langfang) Co., Ltd.(hereafter 'the company') for the year ended 31 December 2020 which comprises the balance sheet, the income statement, the cash flow statement ,the statements of changes in equity and the notes of regarding financial statement.

In our opinion, all the attached financial statements are prepared in accordance with the Accounting Standards for Business Enterprises and Accounting System for Business Enterprise in all material aspects and present a true and fair view of the company's financial position and cash flow as of 31 December 2020.

## 2. Basis of audit opinion

We conducted the audit in accordance with the Chinese standards on auditing (CSA). In the part of "CPA's responsibility for audit of financial statements" of auditor's report we further state our responsibility under these standards. According to the code of Ethics for CPA, we are independent of the company and those standards require that we comply with ethical requirements. We believe the evidence we obtained is sufficient and appropriate to provide basis for our opinion.

## 3. Management and Governance responsibility for financial statements

The management of the company is responsible for the preparation of

financial statements in conformity with the Accounting System for Business Enterprise with a true and fair view. The management design, conduct and maintain the necessary internal control relevant to financial statements to prevent the big material misstatement with the reason of fraud and mistakes.

It is the management's responsibility to evaluate the sustainability of the company, to disclosure the company's affairs regarding sustainability (where applicable), and continually apply going- concern assumption, unless management plan to liquidate the company, discontinue operation or no other options.

Governance is responsible for supervising the preparation of the financial statements.

#### **4. Auditor's responsibility for the audit of financial statements.**

Our objective is to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement, whether due to fraud and error, to present reports with auditor's opinion. Reasonable assurance is a high lever assurance. It cannot assure audit engagement in accordance with CPA standards to find out all material misstatement. In general, misstatement are considered to be material if, individually or in aggregate they could reasonably be expected to influence economic decision of the users taken on the basis of the financial statements.

We excise professional judgment and maintain professional skepticism throughout the audit performance, among other things:

(1) Identify and access the risk of material misstatement whether due

to fraud or error; obtain sufficient appropriate audit evidence through designing and implementing appropriate audit procedure to response to the accessed risks. As fraud may involve collusion, forgery, intentional omission, false statement, or override internal control, risk of misstatement due to failing to find out fraud is higher than risk of misstatement due to failing to find out error.

- (2) Understanding internal control concerning audit in order to design reasonable audit procedure but not for the purpose of expressing opinion on the effectiveness of the company's internal control.
- (3) Assess the appropriateness of account policy and reasonability of accounting estimate as well as regarding disclosure.
- (4) To draw conclusion on the appropriateness of on-going assumption applied by management. Meanwhile, based on the audit evidence, we draw conclusion on whether there is material uncertainty of affairs and situations may lead to doubt on sustainability of the company. If we conclude that there is material uncertainty, CSA requires us to remind the users of the report of the relevant disclosure; if the disclosure is considered insufficient, we should express our modified opinion. The conclusion we made is based on the obtained information as of auditor's report date. However future affairs and position may prevent the company from on-going operation.
- (5) Evaluating the overall presentation, structure and content (including disclosure), assessing if the financial statements present with a true and fair view.



We have discussed with the governance about the scope, schedule, and material audit findings of the audit, involving the material deficiencies of internal control which we have found during the audit performance.



Langfang Shi Rui Tai  
Accountants Firm Co., Ltd

Certified Public Accountant:



Certified Public Accountant:



Langfang, P R China

12<sup>th</sup> April, 2021

## Balance Sheet

COMPANY: SMR Automotive (Langfang )Co.,Ltd

Dec.31,2020

Monetary Unit: Yuan

ITEM	line No	Year Opening Balance	Year Closing Balance	ITEM	line No	Year Opening Balance	Year Closing Balance
<b>CURRENT ASSETS</b>				<b>CURRENT LIABILITIES</b>			
Cash and hand	1	5,937,607.32	193,684.46	Short-Term Loan	39	208,261,999.39	167,122,634.07
Short-Term Investment	2			Notes Payable	40		
Notes Receivable	3			Accounts Payable	41	81,893,415.18	123,263,782.13
Dividends Receivable	4			Advances from Customer	42		
Interest Receivable	5			Accrued Payroll	43	4,375,926.46	5,211,552.10
Accounts Receivable	6	97,241,150.18	115,758,709.29	Welfare Payable	44		
Less: Provision For Bad Debts	7			Dividends Payable	45		
Other Receivables	8	1,709,640.37	1,539,455.93	Tax Payable	46	-13,057,069.28	-22,644,974.03
Advances To Suppliers	9	384,279.39	629,948.59	Other Unpaid expenses	47		
Subsidiary Receivable	10			Other Account Payable	48	28,469,279.70	23,739,440.62
Inventories	11	48,799,973.05	47,318,704.87	Accrued Expense	49	1,553,981.37	599,324.81
Prepaid Expenses	12	1,204,789.01	991,534.90	Estimated Liabilities	50		
Long-Term Investment Maturing Within One Year	13			Long-Term Liabilities Due Within One Year	51		
Other Current Assets	14			Other Current Liabilities	52		
<b>Total Current Assets</b>	<b>15</b>	<b>155,277,439.32</b>	<b>166,432,038.04</b>		53		
<b>LONG-TERM Investment</b>	16			<b>Total current liabilities</b>	<b>54</b>	<b>311,497,532.82</b>	<b>297,291,759.70</b>
Long-Term Stock Investment	17			<b>LONG-TERM LIABILITIES</b>	55		
Long-Term Bond Investment	18			Long-Term Loan	56		
Total Long-Term Investment	19			Bonds Payable	57		
<b>FIXED ASSETS</b>	20			Long-Term Payable	58		
Fixed Assets-Cost	21	183,905,171.85	201,549,660.23	Special Payable	59		
Less: Accumulated Depreciation	22	76,651,674.44	94,032,137.72	Other Long-Term Liabilities	60		
Fixed Assets-Net Value	23	107,253,497.41	107,517,522.51	Total Long-Term Liabilities	61		
Less: Provisopn for Fixed Assets	24			<b>DEFERRED TAX</b>	62		
Net Book Value of Fixed Assets	25	107,253,497.41	107,517,522.51	Deferred Tax Credits	63		
Necessities of Progress	26			<b>Total Liabilities</b>	<b>64</b>	<b>311,497,532.82</b>	<b>297,291,759.70</b>
Construction In Progress	27	15,788,220.17	10,206,282.44		65		
Disposal of Fixed Assets	28			<b>OWNER'S EQUITY</b>	66		
<b>Total of Fixed Assets</b>	<b>29</b>	<b>123,041,717.58</b>	<b>117,723,804.95</b>	Paid-In Capital	67	109,856,106.56	109,856,106.56
<b>INTANGIBLE ASSETS &amp; OTHER ASSETS</b>	30			Less: Investment Returned	68		
Intangible Assets	31	11,195,898.48	10,842,285.48	<b>Net Value of Paid-In Capital</b>	<b>69</b>	<b>109,856,106.56</b>	<b>109,856,106.56</b>
Long-Term Prepayments	32	19,338,869.28	25,606,255.85	Capital Surplus	70		
Other Long-Term Assets	33			Surplus Reserve	71		
<b>Total Intangible Assets &amp; Other Assets</b>	<b>34</b>	<b>30,534,767.76</b>	<b>36,448,541.33</b>		72		
	35				73		
<b>DEFERRED TAX</b>	36			Undistributed Profit	74	-112,499,714.72	-86,543,481.94
Deferred Tax Debits	37			<b>Total Owner'S(Stockholder'S) Equity</b>	<b>75</b>	<b>-2,643,608.16</b>	<b>23,312,624.62</b>
<b>TOTAL ASSETS</b>	<b>38</b>	<b>308,853,924.66</b>	<b>320,604,384.32</b>	<b>Total Liabilities &amp; Owner'S(Stockholder'S) Equity</b>	<b>76</b>	<b>308,853,924.66</b>	<b>320,604,384.32</b>

## Income Statements

COMPANY: SMR Automotive (Langfang )Co.,Ltd		2020	Monetary Unit:Yuan	
Item	line No	Year 2019	Year 2020	
Sales Of Products	1	545,525,370.27	598,288,353.69	
Including : Export Sales	2			
Cost Of Sales	3	511,213,304.29	532,370,563.31	
Including : Cost Of Export Sales	4			
Less : Sales Tax	5			
Profit On Sales	6	34,312,065.98	65,917,790.38	
Add : Profit From Other Operations	7	1,420,138.07	6,423,612.08	
Less : Selling Expenses	8	14,012,368.12	16,708,584.93	
General And Administrative Expenses	9	12,854,512.67	20,029,036.54	
Financial Expenses	10	11,132,574.11	10,208,723.98	
Operating Profit	13	-2,267,250.85	25,395,057.01	
Add : Income On Investment	14			
Revenue From Subsidies	15			
Non-Operating Income	16	134,802.30	573,893.25	
Less : Non-Operating Expenses	17	743,966.20	12,717.48	
Total Profit	18	-2,876,414.75	25,956,232.78	
Less : Income Tax	19			
Net Profit	20	-2,876,414.75	25,956,232.78	
Add: Undistributed profit at the beginning of the year	21			
Transfer-in from surplus reserve	22			
Other adjustment factors	23			
Profit available for distribution	24	-2,876,414.75	25,956,232.78	

# Cash Flow Sheet

COMPANY: SMR Automotive (Langfang )Co.,Ltd

2020

ITEM		line No	SUM	ITEM	line No	SUM	ITEM	line No	SUM	Monetary Unit:Yuan	
1、Cash Flows from Operating Activities		1		3、Cash Flows from Financing Activities	23		Losses on Scrapping of Fixed Assets	45			
Cash Receipts from Sales of Goods & Provision of Services		2	596,785,031.07	Cash Proceeds from Receipt of Investments	24		Financial Expense	46	8,690,066.08		
Cash Receipts of Tax Refund		3	10,867,589.37	Cash Receipts from Borrowing	25	260,843,095.53	Losses from Investments (Less:Gains)	47			
Cash Receipts from Other Operating Activities		4	671,215.57	Cash Receipts Relating to Other Financing Activities	26		Deferred Taxes Credit (Less:Debit)	48			
Sub-Total of Cash Inflows from Operating Activities		5	608,323,836.01	Sub-Total of Cash Inflows from Financing Activities	27	260,843,095.53	Decrease In Inventories (Less:Increase)	49	1,481,268.18		
Cash Payments for Goods Purchased & Service Received		6	445,902,220.79	Cash Payments of Amounts Debt	28	303,272,370.03	Decrease In Operating Receivable (Less:Increase)	50	-18,593,043.87		
Cash Payments to & on Behalf of Employee		7	46,623,127.51	Cash Payments for Distribution of Dividends, Profits or Interests	29	7,400,156.90	Increase In Operating Payables (Less:Decrease)	51	19,321,089.60		
Cash Payments of All Types of Taxes		8	18,130,398.65	Cash Payments for Other Financing Activities	30		Others	52			
Cash Payments for Other Operating Activities		9	33,531,671.81	Sub-Total of Cash Outflows from Financing Activities	31	310,672,526.93	Net Cash Flows from Operating Activities	53	64,136,417.25		
Sub-Total of Cash Outflows from Operating Activities		10	544,187,418.76	Net Cash Flows from Financing Activities	32	-49,829,431.40	Investment & Financing Activities Disrelated to Cash Receipts & Payments	54			
Net Cash Flows from Operating Activities		11	64,136,417.25	4、Effect of Exchange Rate Changes on Cash	33	-484,931.36	Conversion of Debt Into Capital	55			
2、Cash Flows from Investment Activities		12		5、Net Increase in Cash & Cash Equivalents	34	-5,743,922.86	Reclassify Convertible Bonds to Be Expired Within One Year As Current Liability	56			
Cash Receipts from Disinvestments		13		Supplementary Information	35		Fixed Assets Financed By Finance Leases	57			
Cash Receipts from Investment Income		14		Reconciliation of Net Profit to Cash Flows from Operating Activities	36		Others	58			
Net Cash from Disposal of Fixed Assets, Intangible Assets & Other Long-Term Assets		15		Net Profit	37	25,956,232.78	Net Increase In Cash & Cash Equivalents :	59			
Cash Receipts from Other Investment Activities		16		Add:Provision for Losses of Assets	38		Cash At The End of Period	60	193,684.46		
Sub-Total of Cash Inflows		17		Depreciation of Fixed Assets	39	17,420,737.25	Less: Reduction: the initial balance of cash	61	5,937,607.32		
Cash Payments for purchase of Fixed Assets, Intangible Assets & Other Long-Term Assets		18	19,565,977.35	Amortisation of Intangible Assets	40	353,613.00	Add: Cash Equivalents Closing Balance	62			
Cash Payments to Investments		19		Amortisation of Long-Term Prepaid Expenses	41	10,235,139.20	Less:Cash Equivalents Opening Balance	63			
Cash Payments for Other Investment Activities		20		Decreases In Prepaid Expenses (Less:Increase)	42	213,254.11	Net Increase In Cash & Cash Equivalents	64	-5,743,922.86		
Sub-Total of Cash Outflows from Investment Activities		21	19,565,977.35	Increase In Accrued Expenses (Less:Decrease)	43	-954,656.56		65			
Net Cash Flows from Investment Activities		22	-19,565,977.35	Losses on Disposal of Fixed Assets,Intangible Assets & Other Long-Term Assets (Less:Gains)	44	12,717.48		66			

## 1 General Information

SMR Automotive (Langfang) Co., Ltd. (hereinafter referred to as the Company) ,A limited liability company (wholly owned by an outside legal person) funded by SMR Automotive Mirror Systems Holding Deutschland GmbH.It was established in April 1, 2012. The industrial and commercial registration authority is Xianghe County market supervision and Administration Bureau. The unified social credit code is 9113100059355231XY. Address: No. 4 Baohai Road, Xianghe Modern Industrial Park, Langfang City, Hebei Province; legal representative: CHANGKYUN HAN ; Registered capital: USD 17.21 million; paid in capital: USD 17.21 million; Business scope: Design, production, assembly, sales and technical service of automobile rear-view mirror, fuel plug, handle series (injection molding, painting, assembly), rear-view projection system, rear-view mirror regulator, sensor system and accessories; Import and export of goods; Engineering plastics and synthetic resin sales; Wholesale of electronic components ( Projects that need to be approved according to law can be operated only after being approved by relevant departments (except those involving the implementation of Special Administrative Measures for admittance stipulated by the state)

The financial statements and notes to the financial statements were approved by the company on April 12, 2021.

## 2 Main Accounting Policies and Accounting Estimates of the Company

### 2.1 Fiscal Year:

The fiscal year of the Company is the Gregorian calendar, starting from January 1st to December 31st;

### 2.2 Recording Currency

The recording currency of the Company is RMB;

### 2.3 Accounting System:

The Company carries out "Accounting Standards for Business Enterprises" and "Enterprise Accounting System" issued by Ministry of Finance of the People's Republic of China;

### 2.4 Accounting Principle and Valuation Basis

2.4.1 The accounting principle of the Company is accrual basis;

2.4.2 The valuation basis of the Company is historical cost;

### 2.5 Recognition Criterion of Cash Equivalent

The cash equivalents are defined as those items meeting all of the 4 criteria listed below:

2.5.1 Short-lived (due within 3 months since purchased);

2.5.2 With strong liquidity;

2.5.3 Can be easily converted into known amount of cash; and

2.5.4 Bears low risk of fluctuation in value.

### 2.6 Inventory

2.6.1 Inventory is valued at actual cost;

2.6.2 Inventory consumption is valued on base of average weighted method;

2.6.3 One off amortization method is adopted for low value consumables

### 2.7 Accounting for fixed assets and accumulated depreciation

2.7.1 Fixed assets are classified into the following categories

2.7.1.1 building;

2.7.1.2 Furniture and tools;

2.7.1.3 Production facility ;

2.7.1.4 Transport equipment;

2.7.1.5 Experimental equipment;

2.7.1.6 Electronic equipment;

2.7.2 The valuation of fixed assets and provision for impairment thereof

The initial measurement of fixed assets upon acquisition is made at their actual cost or amount determined otherwise.

2.7.3 Accounting for accumulated depreciation



The fixed assets are depreciated on straight-line basis over their estimated useful lives based on the original cost and estimated useful lives. The depreciable amount of a fixed asset equals its original cost less estimated residual value. The residual value is estimated at zero.

Item	Useful Life	Depreciation p.a.	Scrap Value %	Remarks
Building	3 ~ 20	33.33%~5%		
Furniture and tools	3 ~ 10	33.33%~10.00%		
Production facility	1 ~ 10	100.00%~10.00%		
Transport equipment	10	10.00%		
Experimental equipment	3 ~ 5	33.33%~20.00%		
Electronic equipment	1 ~ 7	100.00%~14.29%		

## 2.8 Recognition and Amortization of Intangible Asset:

Intangible assets are stated in balance sheet as per purchase cost net off amortization. Intangible assets of the company include land use right, QAD software and pop coating software. The land use right shall be amortized within 50 years according to the straight-line method; QAD software shall be amortized within 10 years according to the straight-line method; pop coating software shall be amortized within 5 years according to the straight-line method.

## 2.9 Recognition of revenue

### 2.9.1 Sales of goods

Revenue from the sale of goods should be recognized when all the following conditions have been satisfied:

2.9.1.1 the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;

2.9.1.2 the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

2.9.1.3 It is probable that the economic benefits associated with the transaction will flow to the Company; and the relevant amount of revenue and costs can be measured reliably.

### 2.9.2 Rendering of services

When the provision of services is started and completed within the same fiscal year, revenue is recognized at the time of completion of the services when the money or the right to collect the money is received. When the provision of services is started and completed in different fiscal years and the outcome of a transaction involving the rendering of services can be estimated reliably, the Company recognizes the service revenue at the balance sheet date by the use of the percentage of completion method. The outcome of a transaction can be estimated reliably when all of the following conditions are satisfied:

2.9.2.1 the total amount of service revenue and costs can be measured reliably;

2.9.2.2 it is probable that the economic benefits associated with the transaction will flow to the enterprise; and

2.9.2.3 The stage of completion of the services provided can be measured reliably.

## 2.10 Income Tax:

Income tax is accrued for each month.

Income tax is filed on quarterly basis and settled on annual basis,

## 3 Notes to the Company Financial Statement

### 3.1 Cash and hand

Item	Opening Balance	Closing Balance	Remarks
Bank Account Deposit	5,937,607.32	193,684.46	
Total	5,937,607.32	193,684.46	

### 3.2 Account Receivables

#### 3.2.1

Aging	Opening Balance		Closing Balance	
	Amount	%	Amount	%
Within 1 year	97,241,150.18	100.00%	115,758,709.29	100.00%

1-2 years				
2-3 years				
3-4 years				
4-5 years				
More than 5 years				
Total	97,241,150.18	100.00%	115,758,709.29	100.00%
Less: Provision				
Net Value	97,241,150.18	100.00%	115,758,709.29	100.00%

## 3.2.2

Customer	Closing Balance	Nature of money	Aging	%
Ningbo shengweidehuaxiang auto mirror Co., Ltd	42,599,431.84	Payment for goods	Within 1 year	36.80%
SMR Automotive Modules Korean	42,065,951.13	Payment for goods	Within 1 year	36.34%
Beijing Hyundai Motor Co., Ltd. Beijing Branch	15,543,053.40	Payment for goods	Within 1 year	13.43%
Hyundai Glovis	5,458,845.48	Payment for goods	Within 1 year	4.72%
Chongqing Branch of Beijing Hyundai Motor Co., Ltd	5,239,871.71	Payment for goods	Within 1 year	4.53%
Total	110,907,153.56			95.81%

## 3.3 Other Receivable

## 3.3.1

Aging	Opening Balance		Closing Balance	
	Amount	%	Amount	%
Within 1 year	1,626,311.08	95.12%	1,451,449.93	94.28%
1-2 years	60,996.00	3.57%	30,060.00	1.95%
2-3 years	4,000.00	0.23%	50,996.00	3.31%
3-4 years	2,300.00	0.13%	4,000.00	0.26%
4-5 years	33.29	0.01%	2,000.00	0.13%
More than 5 years	16,000.00	0.94%	950.00	0.06%
Total	1,709,640.37	100.00%	1,539,455.93	100.00%
Less: Provision				
Net Value	1,709,640.37	100.00%	1,539,455.93	100.00%

## 3.3.2

Customer	Closing Balance	Nature of money	Aging	%
Hyundai automotive R & D Center (China) Co., Ltd	1,390,249.93	Soft film	Within 1 year	90.31%
Sk (Beijing) car rental Co., Ltd	59,200.00	Car rental deposit	Within 1 year	3.85%
Sk (Beijing) car rental Co., Ltd	4,000.00	Car rental deposit	3-4 years	0.26%
Shanghai Shengmao Chemical Co., Ltd	50,996.00	Materials fund	2-3 years	3.31%
Beijing Damia Real Estate Co., Ltd	27,760.00	Rent deposit	1-2 years	1.80%
Beijing Benz Automobile Co., Ltd	2,000.00	Workers Pass Deposit	4-5 years	0.13%
Total	1,534,205.93			99.66%

## 3.4 Advance to Suppliers

## 3.4.1

Aging	Opening Balance		Closing Balance	
	Amount	%	Amount	%
Within 1 year	176,404.39	45.91%	398,144.01	63.20%

1-2 years			23,929.58	3.80%
2-3 years				
3-4 years	10,694.00	2.78%		
4-5 years	197,181.00	51.31%	10,694.00	1.70%
More than 5 years			197,181.00	31.30%
Total	384,279.39	100.00%	629,948.59	100.00%

## 3.4.2

Customer	Closing Balance	Nature of money	Aging	%
KATHREIN Automotive	277,611.15	Payment for goods	Within 1 year	44.07%
Beijing elitong Technology Co., Ltd	141,781.00	Payment for goods	More than 5 years	22.51%
Shanghai Yixi architectural decoration Co., Ltd	77,000.00	Payment for goods	Within 1 year	12.22%
Shanghai Shengke Instrument Equipment Co., Ltd	49,500.00	Payment for goods	More than 5 years	7.86%
Zhang Yan	27,767.00	Fuel charge, etc	Within 1 year	4.41%
Total	573,659.15			91.06%

## 3.5 Inventory

Item	Opening Balance	Addition	Deductions	Closing Balance
Stock goods	23,074,677.65	445,901,248.86	447,431,193.13	21,544,733.38
Raw material	19,114,910.23	422,608,710.43	420,590,803.45	21,132,817.21
Materials in transit	2,460,105.50	10,531,008.90	11,079,864.38	1,911,250.02
Self made semi-finished products	4,297,969.21	40,985,439.24	42,750,471.12	2,532,937.33
Low Value consumables	281,627.41	11,983,435.93	11,638,779.46	626,283.88
Total	49,229,290.00	932,009,843.36	933,491,111.54	47,748,021.82
Less: Provision	429,316.95			429,316.95
Total	48,799,973.05	932,009,843.36	933,491,111.54	47,318,704.87

## 3.6 Prepaid Expense

Item	Opening Balance	Addition	Amortization	Closing Balance
Property all risks		224,239.43	168,179.58	56,059.85
Water purifier leasing	4,373.19	19,159.96	14,629.29	8,903.86
Printer rental	6,784.66	13,696.00	14,773.97	5,706.69
Environmental pollution liability insurance	27,169.81		27,169.81	
QAD maintenance fee	75,043.25	82,562.49	81,923.46	75,682.28
Rent - General Manager	75,000.00	920,400.00	851,500.00	143,900.00
Forklift	37,787.62	175,752.26	156,460.21	57,079.67
Lu Zhenyuan insurance	35,688.09	53,427.16	53,497.13	35,618.12
The horse is looking for insurance	46,312.05	69,892.44	69,609.53	46,594.96
Machine maintenance	70,545.45		70,545.45	
Liu Dehuan insurance	54,375.15	125,540.63	128,836.19	51,079.59
Shigenzhu insurance	17,705.13	47,399.37	32,660.59	32,443.91
Rent - smbj	102,018.00		102,018.00	
Other	651,986.61	1,188,054.00	1,361,574.64	478,465.97
Total	1,204,789.01	2,920,123.74	3,133,377.85	991,534.90

## 3.7 Fixed Assets

## 3.7.1 Purchase Cost

Item	Opening Balance	Addition	Deductions	Closing Balance
Building	73,472,379.81	1,203,861.17	2,991.45	74,673,249.53
Furniture and tools	13,834,778.00	106,666.01		13,941,444.01



Production facility	93,561,629.40	16,228,463.42	50,000.00	109,740,092.82
Transport equipment	126,153.85			126,153.85
Experimental equipment	879,583.22			879,583.22
Electronic equipment	2,030,647.57	158,489.23		2,189,136.80
Total	183,905,171.85	17,697,479.83	52,991.45	201,549,660.23

## 3.7.2 Depreciation

Item	Opening Balance	Addition	Deduction	Closing Balance
Building	21,278,261.61	3,780,995.27	2,991.45	25,056,265.43
Furniture and tools	11,456,010.10	1,045,166.90		12,501,177.00
Production facility	42,175,904.43	12,076,078.70	37,282.52	54,214,700.61
Transport equipment	58,253.44	12,615.36		70,868.80
Experimental equipment	360,380.06	178,329.84		538,709.90
Electronic equipment	1,322,864.80	327,551.18		1,650,415.98
Total	76,651,674.44	17,420,737.25	40,273.97	94,032,137.72

## 3.7.3 Provision for impairment

Item	Opening Balance	Addition	Deduction	Closing Balance
Building				
Furniture and tools				
Production facility				
Transport equipment				
Experimental equipment				
Electronic equipment				
Total				

## 3.7.4 Net value of fixed assets

Item	Opening Balance	Addition	Deduction	Closing Balance
Building	52,194,118.20	1,206,852.62	3,783,986.72	49,616,984.10
Furniture and tools	2,378,767.90	106,666.01	1,045,166.90	1,440,267.01
Production facility	51,385,724.97	16,265,745.94	12,126,078.70	55,525,392.21
Transport equipment	67,900.41		12,615.36	55,285.05
Experimental equipment	519,203.16		178,329.84	340,873.32
Electronic equipment	707,782.77	158,489.23	327,551.18	538,720.82
Total	107,253,497.41	17,737,753.80	17,473,728.70	107,517,522.51

## 3.8 Construction in Progress

Item	Opening Balance	Addition	Amount transferred to fixed assets	Closing Balance
Equipment	15,788,220.17	31,631,460.81	37,213,398.54	10,206,282.44
Total	15,788,220.17	31,631,460.81	37,213,398.54	10,206,282.44

## 3.9 Intangible Assets

Item	Opening Balance	Addition	Amortization	Closing Balance
Land Use Right	10,557,948.05		246,489.00	10,311,459.05
QAD Software	606,262.51		97,849.48	508,413.03
POPS Software	31,687.92		9,274.52	22,413.40
Total	11,195,898.48		353,613.00	10,842,285.48

## 3.10 Long-term Unamortized Expenses

Item	Opening Balance	Addition	Deductions	Closing Balance
Turnover box amortization	4,523,629.07	4,412,851.62	3,528,467.25	5,408,013.44
Die amortization	9,502,897.34	11,514,131.00	3,487,577.80	17,529,450.54
Fixture amortization	5,312,342.87	575,543.15	3,219,094.15	2,668,791.87
Total	19,338,869.28	16,502,525.77	10,235,139.20	25,606,255.85

## 3.11 Short-term Loan

Name of Lender	Opening Balance	Addition	Deductions	Closing Balance
Smart auto parts (Beijing) Co., Ltd	33,740,956.93	1,278,108.75		35,019,065.68
Enterprise bank (China) Co., Ltd. Tianjin Wuqing sub branch	70,137,436.69	124,120,187.08	158,330,933.47	35,926,690.30
Bank of Australia and New Zealand (China) Co., Ltd. Beijing Branch	53,261,286.34	42,688,033.67	77,093,230.00	18,856,090.01
Citibank (China) Co., Ltd. Beijing Branch	51,122,319.43	101,446,832.11	75,248,363.46	77,320,788.08
Total	208,261,999.39	269,533,161.61	310,672,526.93	167,122,634.07

## 3.12 Account Payable

## 3.12.1

Aging	Opening Balance		Closing Balance	
	Amount	%	Amount	%
Within 1 year	79,257,313.79	96.78%	121,473,458.33	98.55%
1-2 years	2,599,503.79	3.17%	437,360.29	0.35%
2-3 years			1,316,365.91	1.07%
3-4 years				
4-5 years	36,597.60	0.05%		
More than 5 years			36,597.60	0.03%
Total	81,893,415.18	100.00%	123,263,782.13	100.00%

## 3.12.2

Suppliers	Closing Balance	Nature of money	Aging	%
SMR Hyosang	16,546,696.68	Material payment	Within 1 year	13.42%
SMR Automotive Modules Korea Ltd	14,349,912.20	Material payment	Within 1 year	11.64%
Continental tamic Automotive Systems (Shanghai) Co., Ltd	9,023,659.10	Material payment	Within 1 year	7.32%
Chongqing shengweidehuaxiang automobile mirror Co., Ltd	6,893,746.87	Material payment	Within 1 year	5.59%
SMR auto parts (Yancheng) Co., Ltd	5,679,360.81	Material payment	Within 1 year	4.61%
Total	52,493,375.66			42.59%

## 3.13 Salary Payable

	Opening Balance	Addition	Deductions	Closing Balance
Salary Payable	1,985,651.72	26,088,312.41	25,867,325.53	2,206,638.60
Bonus Payable	2,390,361.35	2,854,292.60	2,239,631.67	3,005,022.28
Social insurance		12,339,786.88	12,339,786.88	
Social insurance(personal part)	313.39	2,786,390.80	2,786,812.97	-108.78
Housing Provident Fund(personal part)	-400.00	2,500,755.80	2,500,355.80	-
Total	4,375,926.46	46,569,538.49	45,733,912.85	5,211,552.10

## 3.14 Tax Payable

Item	Opening Balance	Addition	Repayment	Closing Balance
VAT payable	-12,870,522.89	-5,552,326.48	3,294,258.47	-21,717,107.84
Personal income tax payable	47,913.35	808,802.51	799,779.95	56,935.91
Withholding - income tax	26,190.65	1,517,939.08	1,700,201.98	-156,072.25
Withholding - VAT	-188,063.55	197,711.05	872,720.45	-863,072.95
Withholding - urban construction tax	6,904.75	269,874.74	258,361.63	18,417.86
Withholding - education surcharges	4,377.53	162,422.82	155,514.95	11,285.40
Withholding - local education surcharges	2,918.36	107,751.99	103,146.75	7,523.60
Land use tax payable		100,611.00	100,611.00	

Stamp duty payable		291,221.30	291,221.30	
Urban maintenance and construction tax		219,693.45	219,693.45	
Education surcharges payable	-66.66	303,865.98	303,865.98	-66.66
Taxes payable - duties	-86,676.38	10,712,129.14	10,628,225.42	-2,772.66
Local education surcharges payable	-44.44	202,577.27	202,577.27	-44.44
Total	-13,057,069.28	9,342,273.85	18,930,178.60	-22,644,974.03

## 3.15 Other Payable

## 3.15.1

Aging	Opening Balance		Closing Balance	
	Amount	%	Amount	%
Within 1 year	25,113,524.45	88.21%	21,053,623.66	88.69%
1-2 years	871,104.06	3.06%	165,273.06	0.70%
2-3 years	2,426,725.71	8.52%	43,888.59	0.18%
3-4 years	50,579.10	0.18%	2,426,076.21	10.22%
4-5 years	7,346.38	0.03%	50,579.10	0.21%
More than 5 years				
Total	28,469,279.70	100.00%	23,739,440.62	100.00%

## 3.15.2

Name of Suppliers	Closing Balance	Nature of money	Aging	%
Ningbo shengweidehuaxiang auto mirror Co., Ltd	3,036,377.01	Current account	Within 1 year	12.79%
Shanghai Fazhiyuan Electric Appliance Co., Ltd	2,389,042.49	Material payment	Within 1 year	10.06%
Kunshan Youcheng precision mould Co., Ltd	2,388,400.00	Material payment	3-4 years	10.06%
Shijie international freight forwarding (Beijing) Co., Ltd	1,337,218.29	Material payment	Within 1 year	5.63%
Tianjin yizhongyuantong international freight forwarder	756,050.06	Freight	Within 1 year	3.18%
Total	9,907,087.85			41.73%

## 3.16 Accrued expenses

Item	Opening Balance	Addition	Deductions	Closing Balance
Accrued product quality compensation	1,553,981.37	1,011,735.74	1,966,392.30	599,324.81
Total	1,553,981.37	1,011,735.74	1,966,392.30	599,324.81

## 3.17 Paid in capital

Investor	Registered capital(USD)		Closing balance of paid in capital	
	Amount	%	Amount in registered currency	Amount in recording currency
SMR AUTOMOTIVE MIRROR SYSTEMS HOLDING DEUTSCHLAND GMBH	17,210,000.00	100.00%	17,210,000.00	109,856,106.56
Total	17,210,000.00	100.00%	17,210,000.00	109,856,106.56

## 3.18 Undistributed Profit

Opening Balance	Adjustment	Current Year	Distribution	Closing Balance
-112,499,714.72		25,956,232.78		-86,543,481.94

## 3.19 Revenue &amp; Cost of Sales

Item	Sales Revenues		Cost of Sales	
	Prior Year	Current Year	Prior Year	Current Year
Auto Parts	545,525,370.27	598,288,353.69	511,213,304.29	532,370,563.31
Sub-Total	545,525,370.27	598,288,353.69	511,213,304.29	532,370,563.31
Sales materials	8,115,907.26	11,674,559.23	8,272,828.56	11,437,158.12

Scrap	229,792.65	80,800.88		
Other	1,351,084.01	6,300,872.66	3,817.29	195,462.57
Sub-Total	9,696,783.92	18,056,232.77	8,276,645.85	11,632,620.69
Total	555,222,154.19	616,344,586.46	519,489,950.14	544,003,184.00
Other business profit	Amount in the same period of last year		Current amount	
	1,420,138.07		6,423,612.08	

## 3.20 Selling Expense

Item	Prior Year	Current Year	Remarks
Employee compensation	1,335,428.29	934,915.99	
Depreciation charge	1,999.68	833.16	
Vehicle expenses	69,680.79	485.00	
Travel expenses	44,551.08	28,695.94	
Traffic expense	10,369.04	2,087.30	
Office expenses	1,329.00		
Communication fee	7,595.11		
Business entertainment expenses	38,707.34	10,723.84	
Software cost	2,380.04		
Transportation cost of finished products	12,500,327.75	15,730,843.70	
Total	14,012,368.12	16,708,584.93	

## 3.21 General Administration Expense

Item	Prior Year	Current Year	Remarks
Employee compensation	4,617,233.56	4,376,119.38	
Depreciation charge	516,673.06	667,849.17	
Taxes	1,018,704.47	1,459,310.07	
Amortization of intangible assets	32,137.20	32,137.20	
Travel expenses	198,603.97	64,816.71	
Audit fee	200,457.24	152,885.79	
Vehicle expenses	261,675.88	7,023.27	
Communication fee	115,200.51	15,050.04	
Freight	19,346.78	9,156.88	
Service fee	933,290.02	992,034.06	
Low value consumables	9,404.61	6,365.00	
Amortization of assets	18,750.00	47,404.92	
Maintenance cost		169,448.14	
Business entertainment expenses	95,391.27	197,966.20	
Sample cost		2,811,990.55	
Technical service fee	606,221.70	4,741,161.64	
traffic expense	75,176.65	7,195.48	
Software cost	1,054,995.40	1,126,153.48	
Office expenses	173,869.47	52,901.67	
Mailing fee	15,375.04	16,185.21	
Recruitment fee	110,982.19	3,188.68	
Labor insurance	128,395.40	15,878.03	
Training fee	61,378.04	38,705.66	
Subscription fee	2,583.22	360.00	
Property insurance premium	67,597.84	397,286.50	
Certification fee	200.00	6,933.97	
Consultation fee	7,074.33		
Trademark use fee	1,531,366.70	1,332,025.24	
Rental expenses	119,296.00	102,018.00	
Miscellaneous procurement	18,114.55	21,035.83	

Hazardous waste treatment fee	278,943.39		
Sorting fee	23,313.30	529,551.65	
Trade union funds	520,436.23	606,405.54	
Computer repair fee	480.00		
Building maintenance	21,844.65	22,492.58	
Total	12,854,512.67	20,029,036.54	

## 3.22 Finance Expense

Item	Prior Year	Current Year	Remarks
Interest Expense	8,894,497.57	8,911,591.56	
Bank Charge	1,277,438.28	638,619.03	
Interest income	-31,411.97	-19,475.09	
Exchange gains and losses	992,050.23	677,988.48	
Total	11,132,574.11	10,208,723.98	

## 3.23 Non-operation Income

Item	Prior Year	Current Year	Remarks
Subsidy income	133,987.62	573,893.25	
Income from disposal of assets	814.68		
Total	134,802.30	573,893.25	

## 3.24 Non-operation Expense

Item	Prior Year	Current Year	Remarks
Fines expenses	565,771.53		
Net loss on disposal of fixed assets	73,212.56	12,717.48	
Uncollectible accounts receivable	104,974.58		
Other	7.53		
Total	743,966.20	12,717.48	

SMR Automotive (Langfang) Company Limited



年度检验登记  
Annual Renewal Registration

本证书经检验合格，继续有效一年。  
This certificate is valid for another year after this renewal.

证书编号: 130505-2183  
No. of Certificate

批准注册机关: 河北省注册会计师协会  
Authorized Institute of CPA

发证日期: 2003 年 05 月 21 日  
Date of Issuance

2003 年 2 月 28 日  
2003 / 2 / 28

年度检验登记  
Annual Renewal Registration

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中华人民共和国财政部  
Issued by the Ministry of Finance  
of the People's Republic of China

本证书为持证人执行注册会计师法  
定业务的资格证明。  
本证书加盖省级以上注册会计师协  
会钢印后为有效证件。

This certificate serves as a credential for the  
certificate holder to conduct the statutory  
business of CPAs.

This certificate is valid subject to being sealed  
with an embossed stamp by the Institute of  
Certified Public Accountants at provincial level  
or above.



姓名: 何进杰  
Full name: He Jinjie  
性别: 男  
Sex: Male  
出生日期: 1973-11-06  
Date of birth: 1973-11-06  
工作单位: 廊坊市瑞泰会计师事务所有限公司  
Working unit: Langfang Ruitai Accounting Firm Co., Ltd.  
身份证号码: 132801197311054237  
Identity card No.: 132801197311054237





# 年度检验登记

Annual Renewal Registration

本证书经检验合格，继续有效一年。  
This certificate is valid for another year after this renewal.

证书编号:  
No. of Certificate

130000550003

批准注册协会:  
Authorized Institute of CPAs

河北省注册会计师协会

发证日期:  
Date of Issuance

2020 年 06 月 15 日

年 月 日  
/m /d



中华人民共和国财政部

Issued by the Ministry of Finance  
of the People's Republic of China

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定业务的资格证明。

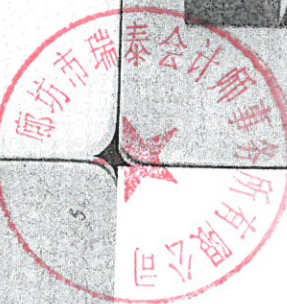
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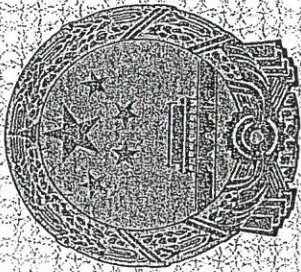
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with an embossed stamp by the Institute of  
Certified Public Accountants at provincial level  
or above.



姓名 张旭英  
Full name 女  
性别 女  
Sex  
出生日期 1977-07-01  
Date of birth  
工作单位 廊坊市瑞泰会计师事务所有限  
Working unit 限公司  
身份证号码 132801197707014223  
Identity card No.







会 计 师 事 务 所

执 业 证 书

名 称：廊坊市瑞泰会计师事务所有限公司

首 席 合 伙 人：

主 任 会 计 师：

何述杰

经 营 场 所：

廊坊市广阳区紫金城商住楼  
第1幢1单元6层1-602号房

组 织 形 式：有限责任

执业证书编号：13000055

批准执业文号：冀财注〔1999〕52号

批准执业日期：1999年9月2日

此件与原件一致  
何述杰

证书序号：0005398

## 说 明

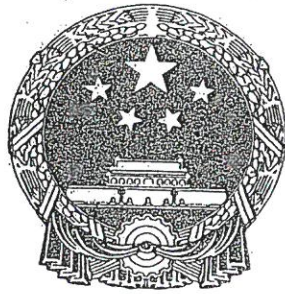
- 1、《会计师事务所执业证书》是证明持有人经财政部门依法审批，准予执行注册会计师法定业务的凭证。
- 2、《会计师事务所执业证书》记载事项发生变动的，应当向财政部门申请换发。
- 3、《会计师事务所执业证书》不得伪造、涂改、出租、出借、转让。
- 4、会计师事务所终止或执业许可注销的，应当向财政部门交回《会计师事务所执业证书》。

发证机关：河北省财政厅

二〇一〇年五月十九日

中华人民共和国财政部制





# 营业执照

(副本)

副本编号: 1-1

统一社会信用代码 911310034019914313

名称 廊坊市瑞泰会计师事务所有限公司  
类型 有限责任公司  
住所 廊坊市广阳区紫金城商住楼第1幢1单元6层1-602号  
法定代表人 何述杰  
注册资本 陆拾万元整  
成立日期 1999年09月28日  
营业期限  
经营范围 审计事务咨询、服务、审计验证、注册资本验证、建设工程预决算验证

此件与原件一致

何述杰



自2015年1月1日至6月30日, 登录河北省市场主体信用信息公示系统, 报送年度报告, 逾期不报, 列入经营异常名录

登



2015 年 12 月 25 日