

**SHENYANG SMP AUTOMOTIVE
COMPONENT CO., LTD**

**FINANCIAL STATEMENTS AND
REPORT OF THE AUDITORS
FOR THE YEAR ENDED 31 DECEMBER 2020**

[English translation for reference only. Should there be any inconsistency between the Chinese and English versions, the Chinese version shall prevail.]

【English Translation for Reference Only】

Auditors' Report

PCPAR[2021]No. ZAXXXXX

To the Board of Directors of Shenyang SMP Automotive Component Co., Ltd ,

Opinion

We have audited the accompanying financial statements of Shenyang SMP Automotive Component Co., Ltd (hereafter referred to as “the Company”), which include the balance sheet as at 31 December 2020, the income statement and cash flow statement for the year then ended, and the notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December, 2020, and its financial performance and its cash flows for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises and the “Accounting System for Business Enterprises”.

Basis for opinion

We conducted our audit in accordance with Chinese Certified Public Accountants Auditing Standards. Our responsibilities under those standards are further described in the auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the Code of Professional Conduct and Ethics for Chinese Certified Public Accountants, and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the financial statements

Management of the Company is responsible for the preparation and fair presentation of these financial statements in accordance with the requirements of Accounting Standards for Business Enterprises and the “Accounting System for Business Enterprises”. And for such internal control as the directors of the Company determine is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management of the Company is responsible for assessing the Company’s ability to continue on a going concern, disclosing matters related to going concern (if applicable) , and using the going concern assumption, unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Accounting Standards for Business Enterprises 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 the Accounting Standards for Business Enterprises, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- a) 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.
- b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- d) 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

We communicate with the management 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.

BDO China Shu Lun Pan Certified Public Accountants LLP

Shanghai, China

Mar 28, 2021

This auditors' report and the accompanying notes to the financial statements are English translation of the Chinese auditors' report. In case of doubt as to the presentation of these documents, the Chinese version shall prevail.

THE BALANCE SHEET OF THE COMPANY
FOR THE YEAR ENDED 2020

Unit: RMB

Assets	Closing balance	Opening balance
Current Assets		
Cash and cash at bank	3,369,781.69	4,987,347.48
Notes receivable		
Accounts receivable	18,926,944.65	17,805,786.87
Prepayments	1,495,032.91	1,171,516.32
Other receivables	73,735.71	97,125.51
Inventories	5,131,381.18	40,344,848.48
Other current assets	614,027.94	
Total Current Assets	29,610,904.08	64,406,624.66
Non-current Assets		
Long-term equity investments		
Fixed assets	3,283,794.71	3,908,430.02
Construction in progress		
Intangible assets	1,484,781.44	1,812,940.51
Long-term deferred expenses	4,607,709.24	6,860,098.52
Other non-current assets		
Total Non-current Assets	9,376,285.39	12,581,469.05
Total Assets	38,987,189.47	76,988,093.71

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

Person in charge of an enterprise:

Person in charge of accounting function:

Person in charge of accounting department:

THE BALANCE SHEET OF THE COMPANY
FOR THE YEAR ENDED 2020

Unit: RMB

Liabilities and Owner's Equity	Closing balance	Opening balance
Current Liabilities		
Notes payable		
Accounts payable	6,704,654.12	43,965,063.46
Receipts in advance		20,250,000.00
Accrued payroll	622,347.32	482,283.06
Welfare benefits payable		
Taxes payable	8,118.66	11,369.44
Dividend payable		
Other payables	16,928,379.32	3,395,168.84
Total Current Liabilities	24,263,499.42	68,103,884.80
Total Liabilities	24,263,499.42	68,103,884.80
Owner's Equity		
Paid-in capital	20,000,000.00	20,000,000.00
Capital surplus		
Surplus reserve		
Undistributed profits	-5,276,309.95	-11,115,791.09
Total owner's Equity	14,723,690.05	8,884,208.91
Total Liabilities and Owner's Equity	38,987,189.47	76,988,093.71

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

Person in charge of an enterprise:

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THE INCOME STATEMENT OF THE COMPANY
FINANCIAL YEAR 2020

Unit: RMB

	Closing balance	Opening balance
Revenue from operations	96,508,837.86	20,761,120.56
Less: Cost of operations	82,067,265.94	17,302,780.88
Taxes and surcharges	57,598.66	168,333.78
Selling and distribution expenses	335,134.95	55,125.43
Administrative expenses	8,457,007.13	14,311,162.72
-Including: Research and development expenses	2,269,334.69	3,594,319.28
Financial expenses	-140,557.00	-84,154.77
Add: Investment income (“-” for losses)		
Impairment loss (“-” for losses)	53,206.09	-123,663.61
Asset disposal income (“-” for losses)	44.20	
Operating profit (“-” for losses)	5,785,638.47	-11,115,791.09
Add: Non-operating income	79,556.00	
Less: Non-operating expense	25,713.33	
Total profit (“-” for losses)	5,839,481.14	-11,115,791.09
Less: Income tax		
Net profit (“-” for losses)	5,839,481.14	-11,115,791.09
Add: Undistributed profits at beginning of year	-11,115,791.09	
Distributable profits	-5,276,309.95	-11,115,791.09
Less: Appropriation for Staff and Workers' Bonus and Welfare Fund		
Appropriation for Reserve Fund		
Appropriation for Enterprise Expansion Fund		
Profit distribution to equity owners		
Undistributed profits	-5,276,309.95	-11,115,791.09
Supplementary information		
1. Gain on disposal of business units or investments		
2. Losses arising from natural disasters		
3. Increase/(decrease) in total profit as a result of changes in accounting policies		
4. Increase/(decrease) in total profit as a result of changes in accounting estimates		
5. Losses from debt restructuring		
6. Other		

The companying notes form an integral part of these financial statements.

Person in charge of an enterprise:

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Person in charge of accounting department:

THE STATEMENT OF CASH FLOW OF THE COMPANY
FINANCIAL YEAR 2020

Unit: RMB

ITEMS	Amount for the current period	Amount for the prior period
I. Cash flows from operating activities:		
Cash received from sale of goods and rendering of services	85,402,964.88	28,540,384.11
Cash received from other operating activities	225,398.79	91,656.53
Sub-total of cash inflows from operating activities	85,628,363.67	28,632,040.64
Cash paid for goods purchased and services received	78,351,276.52	11,820,035.86
Cash paid to and on behalf of employees	4,574,211.74	3,346,885.16
Cash paid for taxes and surcharges	171,263.94	1,224,574.27
Other cash paid for operating activities	3,909,311.58	4,849,487.87
Sub-total of cash outflows from operating activities	87,006,063.78	21,240,983.16
Net cash flows from operating activities	-1,377,700.11	7,391,057.48
II. Cash flows from investing activities:		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	51,443.25	
Cash received from other investing activities		
Sub-total of cash inflows from investment activities	51,443.25	
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets	291,308.93	8,612,064.98
Sub-total of cash outflows from investing activities	291,308.93	8,612,064.98
Net cash flows from investing activities	-239,865.68	-8,612,064.98
III. Cash flows from financing activities		
Increase (decrease) in registered capital		
Cash receipts from borrowings		2,416,360.72
Sub-total of cash outflows from financing activities		2,416,360.72
Cash repayments of borrowings		2,416,360.72
Sub-total of cash outflows from financing activities		2,416,360.72
Net cash flows from financing activities		
IV. Effect of fluctuation in exchange rate on cash and cash equivalents		
V. Net increase in cash and cash equivalents	-1,617,565.79	-1,221,007.50
Add: Opening balance of cash and cash equivalents	4,987,347.48	6,208,354.98
VI. Closing balance of cash and cash equivalents	3,369,781.69	4,987,347.48

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

Person in charge of an enterprise:

Person in charge of accounting function:

Person in charge of accounting department:

THE STATEMENT OF CASH FLOW OF THE COMPANY
FINANCIAL YEAR 2020

Unit: RMB

Reconciliation of Net Profit/(Loss) to Cash Flows from Operating Activities	Amount for the current period	Amount for the prior period
Net Profit	5,839,481.14	-11,115,791.09
Add: Impairment of Assets	-53,206.09	123,663.61
Depreciation of Fixed Assets	811,236.69	612,901.11
Amortization of Intangible Assets	328,159.07	206,109.50
Amortization of Long-term Prepaid Expense	2,252,389.28	865,016.88
Disposal of Fixed Assets, Intangible Assets and Others	-44.20	
Losses on Disposal of Fixed Assets	25,713.33	
Finance Expenses		
Investment Loss		
Decrease in Inventories	35,266,673.39	-39,881,279.56
Decrease/(increase) in Operating Receivables	-2,035,312.51	-10,443,401.06
Increase/(decrease) in Operating Payables	-43,812,790.21	67,023,838.09
Net Cash Flow from Operating Activities	-1,377,700.11	7,391,057.48
Changes of cash and cash equivalents		
Cash at the end of the period	3,369,781.69	4,987,347.48
Less: cash at the beginning of the period	4,987,347.48	6,208,354.98
Net increase in cash and cash equivalents	-1,617,565.79	-1,221,007.50

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

Person in charge of an enterprise:

Person in charge of accounting function:

Person in charge of accounting department:

SHENYANG SMP AUTOMOTIVE COMPONENT CO., LTD NOTES TO THE FINANCIAL STATEMENTS

I. BASIC INFORMATION OF THE COMPANY

Shenyang SMP Automotive Component Co., Ltd (hereafter referred to as “the Company”) is incorporated in Changchun city Jilin Province on August 22, 2017. The registration number is 91210104MA0UEE1219 and the registered address is 118, Jianshe road, Dadong district, Shenyang, Liaoning Province. On December 31, 2020, the registered capital is RMB 20,000,000 and the paid in capital is RMB 20,000,000. The shareholding percentage of Chinese investor Changchun Peguform Automotive Plastics Technology Co., Ltd. 100%. The legal representative of the company is Xiaochun,Luo.

The Company’s approved scope of business operations includes the production and sale of automotive spare parts and providing related after-sale service. For the year ended 31 December 2020, the principal activities of the Company are the production and sale of automotive spare parts and providing related after-sale service.

II. BASIS OF PREPARATION

The financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises and the “Accounting System for Business Enterprises” as promulgated by the government of the People’s Republic of China.

III. SIGNIFICANT ACCOUNTING POLICES

1. Declaration of following the accounting standards for enterprises

The financial statements comply with the requirements of the Accounting Standards for Business Enterprises and the “Accounting System for Business Enterprises” and present fairly the financial position of the Company, and the results of operations and cash flows of the Company.

2. Accounting year

The Company’s accounting year starts on 1 January and ends on 31 December.

3. Business year

The business year is 12 months.

4. Recording currency

The recording currency of the Company is Renminbi(RMB).

5. Recognition of cash and cash equivalents

Cash equivalent refers to the investments with short term, strong liquidity and small risk of value fluctuation that are held by the Company and easily converted into cash with known amount.

6. Foreign currency translation

Except for the accounting treatment for paid-in capital, foreign currency transactions are translated into RMB at the exchange rates stipulated by the People's Bank of China (the "stipulated exchange rates") on the first day of the month in which the transactions took place. The foreign currency balances of the foreign currency accounts at the balance sheet date are translated into RMB at the stipulated exchange rates at the balance sheet date. Exchange differences arising these transactions are expensed, except for those attributable to foreign currency borrowings that have been drawn out specifically for the construction of fixed assets, which are capitalized as part of the fixed asset costs.

Contributions to paid-in capital made in foreign currencies are translated into the RMB denominated paid-in capital account at the exchange rates prescribed in the equity joint venture contract. Translation differences arising from the use of different exchange rates to translate the related assets and paid-in capital are recorded as capital surplus.

7. Receivables and provision for bad debts

Receivables comprise accounts receivable and other receivables. The provision method is use to account for potential bad debts identified by management. Receivables are presented at actual amounts net of provision for bad debts.

i. Accounts receivable

Accounts receivable comprises related-party receivables and receivables from non-related

parties (“third-party receivables”).

The Company makes specific bad debts provision on an individual basis for accounts receivables that are distinctively different from any other receivable in recoverability.

Where accounts and notes receivable are discounted to financial institution without recourse, the corresponding payment from the financial institution is recorded as cash received from customers. The difference between proceeds derived from the transaction, net of related taxes, and the carrying amounts of the accounts and notes receivables is expensed in the period.

ii. Other receivables

Specific provisions are made of other receivables on an individual basis.

iii. Recognition criteria of bad debt loss

Where evidence exists that the balances cannot be recovered, as in the case of business cancellation, bankruptcy, insolvency or lack of cash flow of debtors, bad debts are recognized and the corresponding provision for bad debts is written off.

8. Inventories

i. Categories of inventories

Inventories include raw materials, work in progress, moulds, finished goods, and are presented at the lower of cost and net realized value.

ii. Valuation method

Inventories are recorded at their cost on acquisition. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprised raw material, direct labor and an allocation of all production overhead expenditures incurred based on normal operating capacity. The cost of moulds comprises acquisition cost and related raw materials and expenses incurred for testing.

iii. Measurement of net realizable value of inventories

Provisions for decline in the value of inventories are determined on an item-by-item basis

when the carrying value of the inventories is higher than their net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs to completion, estimated costs necessary to make the sale and related taxes.

9. Fixed assets

i. Recognition criteria for fixed assets

Fixed assets are tangible assets that are used in production or held for operation purposes, which have useful lives of more than one year and have relatively high unit price.

Fixed assets purchased or constructed by the Company are recorded at cost.

ii. Depreciation of each category 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. For the fixed assets that have been provided for impairment loss, the related depreciation charge is prospectively determined based upon the adjusted carrying amounts over their remaining useful lives.

The estimated useful lives, estimated residual values expressed as a percentage of cost and annual depreciation rates are as follows:

	Estimated useful lives	Estimated residual value	Annual depreciation rate
Machinery and equipment	10 years	3%	9.7%
Electronic equipment	3 to 5 years	3%	19.4% - 32.33%
Transportation vehicles	4	3%	24.25%

When fixed assets are sold, transferred, disposed or damaged, gains and losses on disposal are determined by comparing proceeds with the carrying amount of the assets, adjusted by related taxes and expenses, and are included in non-operating income or expenses.

Repairs and maintenance of fixed assets are expensed as incurred. Subsequent expenditures for major reconstruction, expansion, improvement and renovation are capitalized when it is probable that future economic benefits in excess of the original assessment of performance will flow to the Company. Capitalized expenditures arising from major reconstruction, expansion and improvement are depreciated using straight-line method over remaining useful lives of the fixed assets. Capitalized expenditures arising from the renovation of fixed

assets are depreciated on the straight-line basis over the expected beneficial periods.

10. Construction in progress

Construction in progress represents fixed assets under construction or installation, which is recorded at actual cost. Cost comprises the original cost of machinery and equipment, installation costs and other direct costs. Construction in progress is transferred to fixed assets when the assets are ready for their intended use, and depreciation begins from the following month.

11. Intangible assets

Intangible assets include use right of land, proprietary technologies and Computer software.

i. Use right of land

Use Right of Land is initially recorded at actual cost and is amortized on a straight-line basis over the useful lives as stated in the contract of fifty years. Use Right of Land is presented at cost net of accumulated amortization.

ii. Proprietary technologies

Proprietary technologies are initially recorded at actual cost and are amortized on a straight-line basis over the useful lives as stated in the contract of five years. Proprietary technologies are presented at cost net of accumulated amortization.

iii. Computer software

Computer software is initially recorded at actual cost and is amortized on a straight-line basis over the useful lives as stated in the contract of four or five years. Computer software is presented at cost net of accumulated amortization.

12. Impairment of assets

In addition to recognition of provisions for impairment loss on receivables and inventories which have been described in their respective accounting policies, individual assets for which there are indications that their carrying values are higher than the recoverable amounts, arising from occurrence of events and changes in circumstances, are reviewed for impairment. If the carrying value of such assets is higher than the recoverable amount, the

excess is recognized as impairment loss.

The recoverable amount of an individual asset is the higher of its net selling price and its value in use. The net selling price is the amount obtainable from the sale of the asset in arm's length transaction between knowledgeable and willing parties, after deducting any incremental direct disposal costs. Value in use is the present value of estimated useful cash flows expected to be derived from continuing use of the asset and from its disposal at the end of its useful life.

When there is an indication that the need of an impairment provision recorded in prior year no longer exists or has decreased the provision for impairment loss is reserved. The increased carrying amount of the assets should not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior year.

13. Amortization of long-term deferred expenses

Amortization of long-term deferred expenses are expenses that have occurred but should be borne by the current and subsequent periods of the apportionment period of more than one year.

The expenses mainly are start-up costs.

Except for the purchase and construction of fixed assets, all expenses incurred during the preparation period shall be collected in the long-term deferred expenses

When the company begins production and operation, long-term deferred expenses will be transferred into the profit and loss of the month of operation commencement.

14. Leases

Leases of fixed assets where all the risks and rewards incident to ownership of the assets are in substance transferred to the lessees are classified as finance leases. All other leases are operating leases. Payments made under operating leases re expensed on a straight-line basis over the period of the leases.

15. Significant Changes In Accounting Policies And Accounting Estimates

i. Changes In Accounting Policies

There are no changes in accounting policies during the period.

ii. Changes In Accounting Estimate

There are no changes in accounting estimate during the period.

IV. TAXATION

1. Value added tax

The Company's sales of self-manufactured products are subject to Value added tax ("VAT").

The applicable tax rate for domestic sales is 13%.

Input VAT on purchases of raw materials and certain fixed assets can be deducted from output VAT. VAT payable is the net difference between output and deductible input VAT.

V. NOTES TO THE MAIN ITEMS OF FINANCIAL STATEMENTS

(All the following amounts are expressed in RMB unless otherwise stated)

1. Cash and cash at bank

Items	Closing Balance	Opening Balance
Cash at bank	3,369,781.69	4,987,347.48

2. Accounts Receivable and Provision For Bad Debts

Aging	Closing Balance				Opening Balance			
	Amount	Percentage of Closing Balance	Provision For Bad Debts	Proportion	Amount	Percentage of Closing Balance	Provision For Bad Debts	Proportion
Within 1 year	18,926,944.65	100.00%		0.00%	17,805,786.87	100.00%		0.00%

3. Prepayments

	Closing Balance	Opening Balance
Prepayments	1,495,032.91	1,171,516.32

4. Other Receivables

Aging	Closing Balance				Opening Balance			
	Amount	Percentage of Closing Balance	Provision For Bad Debts	Proportion	Amount	Percentage of Closing Balance	Provision For Bad Debts	Proportion
Within 1 year	73,735.71	100.0%		0.00%	97,125.51	100.00%		0.00%

5. Inventories

Items	Closing Balance			Opening Balance		
	Amount	Provision for declines in the value of inventories	Net Amount	Amount	Provision for declines in the value of inventories	Net Amount
Raw materials	1,247,479.77	70,457.52	1,177,022.25	2,096,292.43	123,663.61	1,972,628.82
Work in progress	294,002.25		294,002.25	399,574.58		399,574.58
Finished goods	355,068.74		355,068.74	344,212.64		344,212.64
Moulds	3,305,287.94		3,305,287.94	37,628,432.44		37,628,432.44
Total	5,201,838.70	70,457.52	5,131,381.18	40,468,512.09	123,663.61	40,344,848.48

6. Other current assets

Items	Closing Balance	Opening Balance
VAT input tax to be deducted	614,027.94	

7. Fixed Assets

i. Original Costs of Fixed Assets

Categories	Opening Balance	Addition	Deduction	Closing Balance
Machinery and Equipment	2,715,843.26			2,715,843.26
Electronic equipment	376,000.00	120,000.00		496,000.00
Transportation vehicles	1,601,849.15	137,795.51	99,350.00	1,640,294.66
Total	4,693,692.41	257,795.51	99,350.00	4,852,137.92

ii. Accumulated Depreciation

Categories	Opening Balance	Addition	Deduction	Closing Balance
Machinery and Equipment	341,596.11	310,894.12		652,490.23
Electronic equipment	83,581.67	103,305.00		186,886.67
Transportation vehicles	360,084.61	397,037.57	28,155.87	728,966.31
Total	785,262.39	811,236.69	28,155.87	1,568,343.21

iii. Net Value of Fixed Assets

Categories	Opening Balance	Addition	Deduction	Closing Balance
Machinery and Equipment	2,374,247.15		310,894.12	2,063,353.03
Electronic equipment	292,418.33	120,000.00	103,305.00	309,113.33
Transportation vehicles	1,241,764.54	137,795.51	468,231.70	911,328.35
Total	3,908,430.02	257,795.51	882,430.82	3,283,794.71

iv. Book Value of Fixed Assets

Categories	Opening Balance	Addition	Deduction	Closing Balance
Machinery and Equipment	2,374,247.15		310,894.12	2,063,353.03
Electronic equipment	292,418.33	120,000.00	103,305.00	309,113.33
Transportation vehicles	1,241,764.54	137,795.51	468,231.70	911,328.35
Total	3,908,430.02	257,795.51	882,430.82	3,283,794.71

8. Intangible Assets

Items	Opening Balance	Addition	Deduction	Closing Balance
Total of Original Costs	2,110,500.01			2,110,500.01
-Computer software	2,110,500.01			2,110,500.01
Total of Accumulated Amortization	297,559.50	328,159.07		625,718.57
-Computer software	297,559.50	328,159.07		625,718.57

SHENYANG SMP AUTOMOTIVE COMPONENT CO., LTD
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2020

Items	Opening Balance	Addition	Deduction	Closing Balance
Total of impairment provisions for intangible assets				
-Computer software				
Total of Net book Value	1,812,940.51		328,159.07	1,484,781.44
-Computer software	1,812,940.51		328,159.07	1,484,781.44

9. Amortization of long-term deferred expenses

Items	Opening Balance	Addition	Deduction	Other deduction	Closing Balance
renovation expenses	842,065.22		515,601.36		326,463.86
Moulds	6,018,033.30		1,736,787.92		4,281,245.38
Total	6,860,098.52		2,252,389.28		4,607,709.24

10. Accounts Payable

Items	Closing Balance	Opening Balance
Accounts Payable	6,704,654.12	43,965,063.46

11. Receipts in advance

Items	Closing Balance	Opening Balance
Accounts Payable		20,250,000.00

12. Accrued Payroll

Items	Opening Balance	Addition	Deduction	Closing Balance
Payroll	482,283.06	3,900,822.49	3,760,758.23	622,347.32

13. Welfare Benefits Payable

Items	Opening Balance	Addition	Deduction	Closing Balance
Pension		47,003.46	47,003.46	
Medical care		241,519.02	241,519.02	
Employment injury insurance		3,231.47	3,231.47	
Maternity insurance		21,088.76	21,088.76	
Unemployment insurance		-22,104.12	-22,104.12	
Housing fund		415,771.32	415,771.32	
Staff and workers bonus and welfare fund		169,244.40	169,244.40	
Disabled employment security fund		56,414.80	56,414.80	
Total		932,169.11	932,169.11	

14. Tax Payable

Items	Closing Balance	Opening Balance
VAT Payable		4,059.00
construction tax		284.13
education supplementary tax		202.95
Individual income tax payable	3,206.76	3,096.96
Stamps	4,911.90	3,726.40
Total	8,118.66	11,369.44

15. Other Payables

Items	Closing Balance	Opening Balance
Other payables	16,928,379.32	3,395,168.84

16. Paid-in Capital

Names	Opening Balance	Addition	Deduction	Closing Balance	Percentage of shares
Changchun Peguform Automotive Plastics Technology Limited Company	20,000,000.00			20,000,000.00	100.00%

17. Undistributed Profits

Items	Amount	Percentage
Opening Balance	-11,115,791.09	
Add: Net profit of 2020	5,839,481.14	-11,115,791.09
Closing Balance	-5,276,309.95	-11,115,791.09

18. Revenue And Cost Of Operations

Items	2020		2019	
	Revenue	Cost of Revenue	Revenue	Cost of Revenue
Main operations	52,103,757.97	45,032,596.19	19,665,742.20	16,950,587.58
Other operating revenue	44,405,079.89	37,034,669.75	1,095,378.36	352,193.30

19. Taxes and surcharges

Items	2020	2019
City maintenance and construction tax payable	7,721.33	75,281.02
Education Surcharge	5,515.23	53,772.16
Stamps	44,362.10	39,280.60
Total	57,598.66	168,333.78

20. Selling And Distribution Expenses

Items	2020	2019
Total of Selling And Distribution Expenses	335,134.95	55,125.43
Including: Salaries and welfare fee	289,900.28	55,125.43

21. Administrative Expenses

Items	2020	2019
Total of Administrative Expenses	6,187,672.44	10,716,843.44
Including: Salaries and welfare fee	1,403,122.63	2,075,416.61
lease fee	1,328,703.98	4,234,407.75
Depreciation	518,719.06	248,851.53
Amortization	843,760.43	1,002,298.30
charges for water and electricity	405,391.77	1,278,514.69

22. Research and Development Expenses

Item	2020	2019
Research and development expenses	2,269,334.69	3,594,319.28
main components:		
Salaries and welfare fee	2,179,087.59	1,417,260.03
article of consumption		867,720.78
Test and detection cost		467,324.74
Depreciation		330,679.82

23. Finance Expense-Net

Items	2020	2019
Interest Expense		
Less: Interest income	145,842.79	91,170.25
Exchange Gains		
Others	5,285.79	7,015.48
Total	-140,557.00	-84,154.77

24. Impairment loss

Items	2020	2019
Inventory falling price loss	-53,206.09	123,663.61

25. Asset disposal income

Items	2020	2019
Income from disposal of fixed assets	44.20	

26. Non-operating income

Items	2020	2019
Governmental subsidy	79,556.00	

27. Non-operating expense

Items	2020	2019
Loss on scrapping of non-current assets	25,713.33	

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1. Related parties that control the Company or are controlled by the Company

Parent Company

(Unit: RMB '000)

Name	Country	Business	Registered capital	Shareholding Proportion (%)	Voting Proportion (%)
Changchun Peguform Automotive Plastics Technology Limited Company	China	Production and sales of automotive parts	83,000.00	100	100

2. Other Related Parties

Name	Relationship
Shenyang Changchun Automotive Parts Co., Ltd	Subsidiary of equity holders of the parent company
Changyuan Technology (Tianjin) Co., Ltd.	Subsidiary of equity holders of the parent company

Name	Relationship
Foshan Peguform Automotive Plastics Technology Limited Company	Controlled by the same shareholder
Changrui Technology (Tianjin) Co., Ltd.	Subsidiary of equity holders of the parent company

3. Related Party Transactions

i. Purchase

Name	Nature of transaction	2020	2019
Shenyang Changchun Automotive Parts Co., Ltd	Meals, heating, utilities	1,089,030.27	1,161,415.05
Shenyang Changchun Automotive Parts Co., Ltd	Purchase materials	1,420,944.39	339,721.70
Shenyang Changchun Automotive Parts Co., Ltd	Equipment procurement	150,000.00	
ChangchunPeguform Automotive Plastics Technology Limited Company	Purchase materials	21,429,165.63	9,031,694.40
ChangchunPeguform Automotive Plastics Technology Limited Company	Equipment procurement		38,277,597.64
ChangchunPeguform Automotive Plastics Technology Limited Company	Receive services		3,298.46
ChangchunPeguform Automotive Plastics Technology Limited Company	Equipment procurement	120,000.00	
Changyuan Technology (Tianjin) Co., Ltd.	Equipment procurement		315,000.00
Foshan Peguform Automotive Plastics Technology Limited Company	Equipment procurement		170,000.00
Changrui Technology (Tianjin) Co., Ltd.	Equipment procurement		14,000.00

ii. Sales

Name	Nature of transaction	2020	2019
Changchun Peguform Automotive Plastics Technology Limited Company	Sales of materials	45,525.00	

iii. Lease As Lessee

Leaser	Categories	Rental Fee in 2020	Rental Fee in 2019
Shenyang Changchun Automotive Parts Co., Ltd.	Building and constructions	3,607,298.84	2,686,170.28

iv. Accounts Receivable and Accounts Payable With Related Parties

Item	Related Party	Closing Balance	Opening Balance
Prepayments			
	Shenyang Changchun Automotive Parts Co., Ltd	1,420,026.55	1,096,519.72
Accounts payable			
	ChangchunPeguform Automotive Plastics Technology Limited Company		38,277,597.64
	Changyuan Technology (Tianjin) Co., Ltd		25,520.00
	Foshan Peguform Automotive Plastics Technology Limited Company	19,210.00	19,210.00
	Changrui Technology (Tianjin) Co., Ltd.	1,582.00	6,328.00
	Shenyang Changchun Automotive Parts Co., Ltd	507,204.15	277,837.04
Other payables			
	ChangchunPeguform Automotive Plastics Technology Limited Company	16,455,838.54	2,671,370.36
	Shenyang Changchun Automotive Parts Co., Ltd		34,304.85

VII. GUARANTEES AND CONTINGENCIES

1. Material Commitment

As of December 31, 2020, the Company had no material commitment to be disclosed.

2. Material Contingencies

As of December 31, 2020, the Company had no material contingencies to be disclosed.

VIII. POST BALANCE SHEET EVENTS

As of March 28, 2021, the Company had no material post balance sheet events to be disclosed.

IX. OTHER SIGNIFICANT EVENT

As of December 31, 2020, the Company had no other significant events to be disclosed.

**SHENYANG PEGUFORM AUTOMOTIVE
PARTS CO., LTD**

Mar 28, 2021