

**TIANJIN 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.ZA40464

**To the Board of Directors of Tianjin SMP Automotive Component Company Limited,**

### **Opinion**

We have audited the accompanying financial statements of Tianjin SMP Automotive Component Company Limited (hereafter referred to as “the Company”), which rise 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  
March 28th, 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
<b>Current Assets</b>		
Cash and cash at bank	23,500,808.31	3,320,146.59
Notes receivable	6,298,000.00	
Accounts receivable	16,020,042.16	32,742,524.46
Prepayments	196,524.99	8,387,269.84
Interest receivable		
Dividends receivable		
Other receivables	348,498.90	215,861.98
Inventories	18,825,122.83	12,468,584.79
Non-current assets maturing within one year		
Other current assets	5,242,703.43	9,600,257.50
<b>Total Current Assets</b>	<b>70,431,700.62</b>	<b>66,734,645.16</b>
<b>Non-current Assets</b>		
Long-term receivables		
Long-term equity investments		
Fixed assets	66,515,316.63	66,969,681.65
Construction in progress	2,621,676.53	4,259,876.00
Disposal of fixed assets		
Intangible assets	1,085,784.91	1,221,508.02
long-term prepaid expenses	3,473,796.00	1,291,739.90
Other non-current assets		
<b>Total Non-current Assets</b>	<b>73,696,574.07</b>	<b>73,742,805.57</b>
<b>Total Assets</b>	<b>144,128,274.69</b>	<b>140,477,450.73</b>

The companying 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  
(CONTINUED)

Unit: RMB

Liabilities and Owner's Equity	Closing balance	Opening balance
<b>Current Liabilities</b>		
Short-term borrowings		
Notes payable		
Accounts payable	37,094,854.13	58,089,291.96
Receipts in advance		99,450.00
Accrued payroll	658,286.84	865,719.40
Welfare benefits payable		
Taxes payable	62,973.13	28,704.27
Interest payable		
Dividend payable		
Other payables	69,498,156.14	64,358,199.19
Non-current liabilities maturing within one year		
Other current liabilities		
<b>Total Current Liabilities</b>	107,314,270.24	123,441,364.82
<b>Total Liabilities</b>	107,314,270.24	123,441,364.82
<b>Owner's Equity</b>		
Paid-in capital	30,000,000.00	30,000,000.00
Capital surplus	2,700,000.00	
Surplus reserve	411,400.45	
Undistributed profits	3,702,604.00	-12,963,914.09
<b>Total owner's Equity</b>	36,814,004.45	17,036,085.91
<b>Total Liabilities and Owner's Equity</b>	144,128,274.69	140,477,450.73

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Person in charge of accounting department:

THE INCOME STATEMENT OF THE COMPANY  
FINANCIAL YEAR 2020

Unit: RMB

ITEMS	Closing balance	Opening balance
<b>Revenue from operations</b>	245,712,229.45	141,195,320.60
Less: Cost of operations	198,173,702.55	125,640,824.45
Taxes and surcharges	133,597.90	88,674.70
Selling and distribution expenses	3,081,333.72	1,652,980.89
Administrative expenses	22,018,690.84	24,048,292.31
Including: R&D expenses	9,762,117.68	6,666,090.56
Financial expenses	2,319,363.34	2,728,826.09
Investment income ("-" for losses)		
<b>Operating profit ("-" for losses)</b>	19,985,541.10	-12,964,277.84
Add: Non-operating income	92,377.44	363.75
Less: Non-operating expense	3,000,000.00	
<b>Total profit ("-" for losses)</b>	17,077,918.54	-12,963,914.09
Less: Income tax		
<b>Net profit ("-" for losses)</b>	17,077,918.54	-12,963,914.09
Add: Undistributed profits at beginning of year	-12,963,914.09	
<b>Distributable profits</b>	4,114,004.45	-12,963,914.09
Less: Appropriation for Staff and Workers' Bonus and Welfare Fund		
Appropriation for Reserve Fund	411,400.45	
Appropriation for Enterprise Expansion Fund		
Profit distribution to equity owners		
<b>Undistributed profits</b>	3,702,604.00	-12,963,914.09
<b>Supplementary information</b>		
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:

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

ITEMS	Amount for the current period	Amount for the prior period
<b>I. Cash flows from operating activities:</b>		
Cash received from sale of goods and rendering of services	287,780,048.48	116,545,259.73
Cash receipts of tax refunds		
Cash received from other operating activities	2,820,779.00	119,076.07
<b>Sub-total of cash inflows from operating activities</b>	<b>290,600,827.48</b>	<b>116,664,335.80</b>
Cash paid for goods purchased and services received	193,394,034.08	112,078,567.75
Cash paid to and on behalf of employees	15,078,515.37	10,005,945.09
Cash paid for taxes and surcharges	274,709.71	96,112.10
Other cash paid for operating activities	15,179,347.16	12,800,449.24
<b>Sub-total of cash outflows from operating activities</b>	<b>223,926,606.32</b>	<b>134,981,074.18</b>
<b>Net cash flows from operating activities</b>	<b>66,674,221.16</b>	<b>-18,316,738.38</b>
<b>II. Cash flows from investing activities:</b>		
Cash receipts from disposal and redemption of investments		
Cash receipts from returns on investments		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		
Net cash receipts from disposal of subsidiaries and other business units		
Cash received from other investing activities		
<b>Sub-total of cash inflows from investment activities</b>		
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets	24,364,209.72	18,052,285.93
Cash paid for investments		
Net cash payments for acquisitions of subsidiaries and other business units		
Other cash payments relating to investing activities		
<b>Sub-total of cash outflows from investing activities</b>	<b>24,364,209.72</b>	<b>18,052,285.93</b>
<b>Net cash flows from investing activities</b>	<b>-24,364,209.72</b>	<b>-18,052,285.93</b>
<b>III. Cash flows from financing activities:</b>		
Cash receipts from investments		
Cash receipts from borrowings		74,500,000.00
Cash receipts from issuance of bonds		
Other cash receipts relating to financing activities		
<b>Sub-total of cash inflows from financing activities</b>		<b>74,500,000.00</b>
Cash repayments of borrowings	22,119,500.00	35,500,000.00
Cash paid for distribution of dividends and profits or payment of interest	9,849.72	
Other cash payments relating to financing activities		
<b>Sub-total of cash outflows from financing activities</b>	<b>22,129,349.72</b>	<b>35,500,000.00</b>
<b>Net cash flows from financing activities</b>	<b>-22,129,349.72</b>	<b>39,000,000.00</b>
<b>IV. Effect of fluctuation in exchange rate on cash and cash equivalents</b>		
<b>V. Net increase in cash and cash equivalents</b>	<b>20,180,661.72</b>	<b>2,630,975.69</b>
<b>Add: Opening balance of cash and cash equivalents</b>	<b>3,320,146.59</b>	<b>689,170.90</b>
<b>VI. Closing balance of cash and cash equivalents</b>	<b>23,500,808.31</b>	<b>3,320,146.59</b>

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

ITEMS	Amount for the current period	Amount for the prior period
<b>Reconciliation of Net Profit/(Loss) to Cash Flows from Operating Activities</b>		
Net Profit	17,077,918.54	-12,963,914.09
Add: Impairment of Assets	1,324,000.00	
Depreciation of Fixed Assets	7,799,021.63	4,774,817.92
Amortization of Intangible Assets	135,723.11	135,723.11
Amortization of Long-term Prepaid Expense	973,427.77	568,365.60
Disposal of Fixed Assets, Intangible Assets and Others		
Losses on Disposal of Fixed Assets		-363.75
Finance Expenses	2,339,870.96	2,727,312.50
Investment Loss		
Decrease in Inventories	-7,680,538.04	-11,972,584.79
Decrease/(increase) in Operating Receivables	22,840,144.30	-33,219,832.46
Increase/(decrease) in Operating Payables	21,864,652.89	31,633,737.58
Net Cash Flow from Operating Activities	66,674,221.16	-18,316,738.38
<b>Changes of cash and cash equivalents</b>		
Cash at the end of the period	23,500,808.31	3,320,146.59
Less: cash at the beginning of the period	3,320,146.59	689,170.90
Net increase in cash and cash equivalents	20,180,661.72	2,630,975.69

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

Person in charge of an enterprise:

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

**I. BASIC INFORMATION OF THE COMPANY**

Tianjin SMP Automotive Component Company Limited (hereafter referred to as “the Company”) is set up by Changchun Peguform Automotive Plastics Technology Limited Company in March 2018. The registration number is 91120118MA06AD846W. On December 31st, 2020, the registered capital is RMB 30,000,000.

The Company’s approved scope of business operations includes the production and sale of auto parts, internal and external accessories, tooling manufacturing.

**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. 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.

## **7. Inventories**

### **i. Categories of inventories**

Inventories include raw materials, work in progress, moulds, finished goods, low cost consumables goods in transit and goods shipped in transit, 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. Low cost consumable are expensed in full when issued for use. Packaging materials are expensed upon issuance. 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.

## **8. 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 (year)	Estimated residual value (%)	Annual depreciation rate (%)
Machinery and equipment	7-10	3	9.7-13.86
Motor vehicles	4-10	3	9.7-24.25
Electronic equipment	3-5	3	19.4 -32.33

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.

## 9. 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.

## 10. Intangible assets

Intangible assets include 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 ten years. Computer software is presented at cost net of accumulated amortization.

## 11. 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 an 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 reversed. 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.

## **12. Borrowing costs**

Borrowing costs, including interests, incurred in connection with specific borrowings obtained for the acquisition or construction of fixed assets are capitalized as costs of the fixed assets when capital expenditures and borrowing costs are incurred and the activities have commenced to enable the assets to be ready for their intended use. Borrowing cost incurred thereafter are expensed.

The capitalized interests for each accounting period are determined by using the weighted average amount of accumulated expenditures incurred in that period for the acquisition or construction of fixed assets and the weighted average capitalization rate of the borrowings. The amount of interest capitalized during a period shall not exceed the amount of interest incurred during that period.

Interests incurred in connection with other borrowings are expensed as incurred.

**13. Revenue recognition**

Revenue from the sale of goods is recognized when significant risks and rewards of ownership of the goods are transferred the buyer, the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and it is probable that the economic benefit associated with the transaction will flow to the Company and the relevant revenue and costs can be measured reliably.

Interest income is recognized on a time proportion basis taking into account deposit balances and effective yield.

Subsidy income is recognized when received.

**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. Accounting for income taxes**

The Company accounts for enterprise income taxes using the tax payable method. Tax expense is recognized based on the current period taxable income and tax rates.

**16. 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.

## 2. Enterprise income tax

The Company qualified as a High and New Technology Enterprise ("NHTE"). On 1 December 2020, the Company obtained a High and New Technology Enterprise Qualification Certificate. No.GR202012002410, jointly issued by Tianjin Provincial Science and Technology Commission, Department of Finance of Tianjin, State Tax Office of Tianjin. The qualification certificate is valid for three years. Therefore, the Company enjoys the preferential tax rate of 15% for Year 2020.

## 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	23,500,808.31	3,320,146.59
Total	23,500,808.31	3,320,146.59

### 2. Notes Receivable

Categories	Closing Balance	Opening Balance
Bank acceptance note	6,298,000.00	
Total	6,298,000.00	

### 3. Accounts receivable

Aging	Closing Balance			Opening Balance		
	Amount	Percentage	Provision For Bad Debts	Amount	Percentage	Provision For Bad Debts
Within 1 year	16,020,042.16	100.00		32,742,524.46	100.00%	
Total	16,020,042.16	100.00		32,742,524.46	100.00%	



#### 4. Prepayments

Aging	Closing Balance	Opening Balance
Within 1 year	133,884.99	8,387,269.84
1-2 years	62,640.00	
Total	196,524.99	

#### 5. Other Receivables

Aging	Closing Balance			Opening Balance		
	Amount	Percentage	Provision For Bad Debts	Amount	Percentage	Provision For Bad Debts
Within 1 year	348,498.90	100.00%		215,861.98	100.00%	

#### 6. 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	6,289,371.78		6,289,371.78	4,303,498.72		4,303,498.72
Work in process	1,315,066.35		1,315,066.35	1,116,877.50		1,116,877.50
Finished goods	3,553,872.66		3,553,872.66	3,928,375.58		3,928,375.58
Turnover materials	590,460.04		590,460.04	46,432.99		46,432.99
Project toolings	8,400,352.00	1,324,000.00	7,076,352.00	3,073,400.00		3,073,400.00
Total	20,149,122.83	1,324,000.00	18,825,122.83	12,468,584.79		12,468,584.79

## 7. Other current assets

Items	Closing balance	Opening balance
Deductible input VAT	5,103,330.82	9,600,257.50
Pre-paid corporate income tax	139,372.61	
Total	5,242,703.43	9,600,257.50

## 8. Fixed Assets

### i. Original Costs of Fixed Assets

Categories	Opening Balance	Addition	Deduction	Closing Balance
Machinery and Equipment	68,936,839.04	5,948,408.00		74,885,247.04
Motor vehicles	474,000.00	187,175.22		661,175.22
Electronic equipment	2,359,439.56	1,209,073.39		3,568,512.95
Total	71,770,278.60	7,344,656.61		79,114,935.21

### ii. Accumulated Depreciation

Categories	Opening Balance	Addition	Deduction	Closing Balance
Machinery and Equipment	4,538,270.87	7,024,289.02		11,562,559.89
Motor vehicles	39,010.17	45,978.00		84,988.17
Electronic equipment	223,315.91	728,754.61		952,070.52
Total	4,800,596.95	7,799,021.63		12,599,618.58

### iii. Net Book Value

Categories	Opening Balance	Addition	Deduction	Closing Balance
Machinery and Equipment	64,398,568.17	5,948,408.00	7,024,289.02	63,322,687.15
Motor vehicles	434,989.83	187,175.22	45,978.00	576,187.05
Electronic equipment	2,136,123.65	1,209,073.39	728,754.61	2,616,442.43
Total	66,969,681.65	7,344,656.61	7,799,021.63	66,515,316.63

## 9. Intangible Assets

Items	Opening Balance	Addition	Deduction	Closing Balance
Total of Original Costs	1,357,231.13			1,357,231.13
Computer software	1,357,231.13			1,357,231.13
Total of Accumulated Amortization	135,723.11	135,723.11		271,446.22
Computer software	135,723.11	135,723.11		271,446.22
Total of Net book Value	1,221,508.02		135,723.11	1,085,784.91
Computer software	1,221,508.02		135,723.11	1,085,784.91

**10. Construction in progress**

Items	Opening Balance	Addition	Deduction		Closing Balance
			Transferred to Fixed Assets	Other Deduction	
Construction in progress	4,259,876.00	3,691,513.57	5,329,713.04		2,621,676.53

**11. long-term prepaid expenses**

Items	Closing Balance	Opening Balance
Long-term deferred expenses	3,473,796.00	1,291,739.90

**12. Receipts in advance**

Items	Closing Balance	Opening Balance
Receipts in advance		99,450.00

**13. Accounts Payable**

Items	Closing Balance	Opening Balance
Accounts Payable	37,094,854.13	58,089,291.96

#### 14. Accrued Payroll

Items	Opening Balance	Addition	Deduction	Closing Balance
Payroll	865,719.40	10,997,878.53	11,205,311.09	658,286.84

#### 15. Welfare Benefits Payable

Items	Opening Balance	Addition	Deduction	Closing Balance
Pension		119,130.71	119,130.71	
Housing fund		929,010.00	929,010.00	
Medical care		682,417.42	682,417.42	
Employment injury insurance		6,684.72	6,684.72	
Maternity insurance		42,788.95	42,788.95	
Unemployment insurance		3,732.40	3,732.40	
Welfare benefits		1,474,419.93	1,474,419.93	
Trade union funds and staff training expense		496,371.19	496,371.19	
Others		154,657.02	154,657.02	
Total		3,909,212.34	3,909,212.34	

#### 16. Tax Payable

Items	Closing Balance	Opening Balance
Individual income tax payable	55,186.53	19,178.47
Stamps	7,786.60	9,525.80
Total	62,973.13	28,704.27

#### 17. Other Payables

Items	Closing Balance	Opening Balance
Other payables	69,498,156.14	64,358,199.19

## 18. Paid-in Capital

Names	Opening Balance	Addition	Deduction	Closing Balance	Percentage of shares
Changchun Peguform Automotive Plastics Technology Limited Company	30,000,000.00			30,000,000.00	100.00%

## 19. Capital Surplus

Items	Opening Balance	Addition	Deduction	Closing Balance
Other capital surplus		2,700,000.00		2,700,000.00
Total		2,700,000.00		2,700,000.00

## 20. Surplus Reserve

Items	Opening Balance	Addition	Deduction	Closing Balance
Reserve Fund		411,400.45		411,400.45

## 21. Undistributed profits

Items	Year 2020
Undistributed profit at the beginning of the year	-12,963,914.09
Plus: net profit attributable to owners of the parent company in current period	17,077,918.54
Less: Extraction of Reserve Fund	411,400.45
Undistributed profit as at the end of the year	3,702,604.00

## 22. Operating income and operating costs

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Items	Year 2020		Year 2019	
	Income	Cost	Income	Cost
Primary business	245,712,229.45	198,173,702.55	141,195,320.60	125,640,824.45

**23. Taxes and surcharges**

Items	Year 2020	Year 2019
Stamp tax	133,597.90	88,674.70

**24. Selling and distribution expenses**

Items	Year 2020	Year 2019
Selling and distribution expenses	3,081,333.72	1,652,980.89
Including: Vehicle and shipping fees	2,708,401.89	1,321,739.45
Salaries and welfare fee	200,811.99	141,194.27
Entertainment fees	81,904.62	156,440.40

**25. General and administrative expenses**

Items	Year 2020	Year 2019
General and administrative expenses	20,694,690.84	24,048,292.31
Including: R&D expenses	9,762,117.68	6,666,090.56
Salaries and welfare fee	4,945,878.81	3,218,291.74

**26. Financial expenses**

Items	Year 2020	Year 2019
Interest expense	2,339,870.96	2,727,312.50
Less: interest income	28,401.56	7,929.80
Others	7,893.94	9,443.39
Total	2,319,363.34	2,728,826.09

**27. Non-operating income**

Items	Year 2020	Year 2019
Total gains on disposal of non-current assets		363.75
Including: Gains from disposal of fixed assets		363.75
Government Subsidies	29,377.44	
Others	63,000.00	
Total	92,377.44	363.75

## 28. Non-operating Expense

Categories	Year 2020	Year 2019
Others	3,000,000.00	
Total	3,000,000.00	

## VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

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

#### i. Parent Company

Name	Registered location	Business	Shareholding Proportion (%)	Voting Proportion (%)
Changchun Peguform Automotive Plastics Technology Limited Company	Changchun, China	Production and sales of automotive parts	100.00	100.00

#### ii. Other Related Parties

Name	Relationship
Foshan Peguform Automotive Plastics Technology Co., Ltd.	Controlled by the minority shareholder of parent company
Changchun Automobile Technology (Tianjin) Co. Ltd.	Joint venture of the minority shareholder of parent company
Tianjin Changchun Automotive Parts Co., Ltd.	Joint venture of the minority shareholder of parent company
Tianjin Antolin Automotive Interiors Co., Ltd.	Joint venture of the minority shareholder of parent company

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Name	Relationship
Changyuan Technology (Tianjin) Co., Ltd.	Joint venture of the minority shareholder of parent company
Changrui Technology (Tianjin) Co., Ltd.	Joint venture of the minority shareholder of parent company
Changqing Technology (Tianjin) Co., Ltd.	Joint venture of the minority shareholder of parent company

## 2. Related Party Transactions

### i. Sales

Name	Nature of transaction	2020	2019
Foshan Peguform Automotive Plastics Technology Co., Ltd	Sales of goods	150,977.00	211,710.20
Changchun Peguform Automotive Plastics Technology Co., Ltd.	Sales of goods	40,657,254.82	21,497,377.42
Changchun Peguform Automotive Plastics Technology Co., Ltd.	Sales of equipments		45,000.00

### ii. Purchase

Name	Nature of transaction	2020	2019
Foshan Peguform Automotive Plastics Technology Co., Ltd	Purchase toolings		1,970,000.00
Foshan Peguform Automotive Plastics Technology Co., Ltd	Purchase Equipment	1,770,000.00	
Tianjin Changchun Automotive Parts Co., Ltd	Accept service		70,175.00
Tianjin Antolin Automotive Interiors Co., Ltd.	Accept service		173,433.06
Changchun Peguform Automotive Plastics Technology Co., Ltd.	Purchase matierals	12,339,147.86	8,775,393.66
Changchun Peguform Automotive Plastics Technology Co., Ltd.	Purchase equipments	64,791.40	6,387,906.28
Changchun Automobile Technology (Tianjin) Co. Ltd.	Purchase matierals	23,267,546.53	13,753,342.27
Changchun Automobile Technology (Tianjin) Co. Ltd.	Purchase equipments		3,000,000.00



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Name	Nature of transaction	2020	2019
Changchun Automobile Technology (Tianjin) Co. Ltd.	Utilities	4,638,171.49	
Changchun Automobile Technology (Tianjin) Co. Ltd.	Comprehensive service	984,144.00	
Changyuan Technology (Tianjin) Co., Ltd.	Purchase equipments		85,000.00
Changyuan Technology (Tianjin) Co., Ltd.	Purchase toolings	4,714,200.00	135,000.00
Changrui Technology (Tianjin) Co., Ltd.	Purchase equipment	86,000.00	
Changrui Technology (Tianjin) Co., Ltd.	Purchase toolings	166,800.00	11,400.00
Changqing Technology (Tianjin) Co., Ltd.	Purchase equipment	25,000.00	

**iii. Lease As Lessee**

Leaser	Categories	Rental Fee in 2020	Rental Fee in 2019
Changchun Automobile Technology (Tianjin) Co. Ltd.	Building and constructions	6,387,693.00	8,335,328.66
Tianjin Antolin Automotive Interiors Co., Ltd.	Building and constructions		627,822.00

**3. Related Party Lending**

Debtee	Capital	Interest Rate of Year	Beginning	Ending	Interest of 2019
Changchun Peguform Automotive Plastics Technology Co., Ltd.	74,500,000.00	3.75%	2020/1/1	2020/12/31	2,330,021.24

**4. Accounts Receivable and Accounts Payable With Related Parties**

Item	Related Party	Closing Balance	Opening Balance
<b>Prepayments</b>			
	Changyuan Technology (Tianjin) Co., Ltd.		21,696.00
<b>Accounts receivable</b>			
	Foshan Peguform Automotive Plastics Technology Co., Ltd.	65,001.22	81,251.52
	Changchun Peguform Automotive Plastics Technology Co., Ltd.	6,002,000.00	
<b>Accounts payable</b>			

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	Changchun Automobile Technology (Tianjin) Co. Ltd.	3,468,925.53	3,888,659.32
	Changrui Technology (Tianjin) Co., Ltd.	151,728.00	
	Changyuan Technology (Tianjin) Co., Ltd.	2,227,960.00	
	Tianjin Antolin Automotive Interiors Co., Ltd.		228,108.66
	Foshan Peguform Automotive Plastics Technology Co., Ltd.	459,910.00	222,610.00
Other payables			
	Tianjin Changchun Automotive Parts Co., Ltd.	837,074.80	
	Changchun Peguform Automotive Plastics Technology Co., Ltd.	57,880,758.12	57,517,200.34

## VII. GUARANTEES AND CONTINGENCIES

### 1. Material Commitment

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

### 2. Material Contingencies

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

## VIII. POST BALANCE SHEET EVENTS

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

## IX. OTHER SIGNIFICANT EVENT

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

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

**March 28th, 2021**