

SMR Automotive (Langfang) Co., Ltd

Audit Report

Langfang Shi Rui Tai Audit (2019) NO. 168

CPA

Langfang shi rui
tai accountants
firm co.,Ltd

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Auditor report

LFRUITAI (2019) No.168

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 2018 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, 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 2018.

2. Basis of 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 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 collusion 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

5th May, 2019

Balance Sheet

COMPANY: SMR Automotive (Langfang) Co., Ltd

Dec.31,2018

Monetary Unit: Yuan

ITEM	line No	Year Opening Balance	Year Closing Balance	ITEM	line No	Year Opening Balance	Year Closing Balance
CURRENT ASSETS				CURRENT LIABILITIES			
Cash	1	52,753,786.66	4,341,744.01	Short-Term Loan	39	139,596,654.03	168,965,623.30
Short-Term Investment	2			Notes Payable	40	-	
Notes Receivable	3	12,751,549.97	6,366,950.21	Accounts Payable	41	218,935,878.23	88,959,988.33
Dividends Receivable	4			Advances from Customer	42		
Interest Receivable	5			Accrued Payroll	43	2,830,820.83	3,174,942.25
Accounts Receivable	6	138,285,964.64	97,156,409.34	Welfare Payable	44		
Less: Provision For Bad Debts	7			Dividends Payable	45		
Other Receivables	8	1,186,851.31	226,355.60	Tax Payable	46	-3,519,708.16	-2,324,704.84
Advances To Suppliers	9	2,287,988.87	2,582,285.44	Other Unpaid expenses	47		
Subsidiary Receivable	10	-		Other Account Payable	48	26,401,509.86	23,818,551.31
Inventories	11	29,919,573.19	33,316,859.39	Accrued Expense	49		
Prepaid Expenses	12	652,460.75	1,113,224.27	Estimated Liabilities	50	572,207.17	2,027,268.58
Long-Term Investment Maturing Within One Year	13			Long-Term Liabilities Due Within One Year	51		
Other Current Assets	14			Other Current Liabilities	52		
Total Current Assets	15	237,838,175.39	145,103,828.26		53		
LONG-TERM Investment	16			Total current liabilities	54	384,817,361.96	284,621,668.93
Long-Term Stock Investment	17			LONG-TERM LIABILITIES	55		
Long-Term Bond Investment	18			Long-Term Loan	56		
Total Long-Term Investment	19			Bonds Payable	57		
FIXED ASSETS	20			Long-Term Payable	58		
Fixed Assets-Cost	21	156,346,493.77	161,983,943.13	Special Payable	59		
Less: Accumulated Depreciation	22	49,489,760.97	62,289,030.80	Other Long-Term Liabilities	60		
Fixed Assets-Net Value	23	106,856,732.80	99,694,912.33	Total Long-Term Liabilities	61	-	-
Less: Provisopn for Fixed Assets	24	583,343.45	583,343.45	DEFERRED TAX	62		
Net Book Value of Fixed Assets	25	106,273,389.35	99,111,568.88	Deferred Tax Credits	63		
Necessities of Progress	26			Total Liabilities	64	384,817,361.96	284,621,668.93
Construction In Progress	27	388,812.92	10,858,434.99		65		
Disposal of Fixed Assets	28			OWNER'S EQUITY	66		
Total of Fixed Assets	29	106,662,202.27	109,970,003.87	Paid-In Capital	67	87,150,906.56	109,856,106.56
INTANGIBLE ASSETS & OTHER ASSETS	30			Less: Investment Returned	68		
Intangible Assets	31	11,852,887.48	11,549,511.48	Net Value of Paid-In Capital	69	87,150,906.56	109,856,106.56
Long-Term Prepayments	32	13,748,414.37	18,231,131.91	Capital Surplus	70		
Other Long-Term Assets	33			Surplus Reserve	71		
Total Intangible Assets & Other Assets	34	25,601,301.85	29,780,643.39		72		
	35				73		
DEFERRED TAX	36			Undistributed Profit	74	-101,866,589.01	-109,623,299.97
Deferred Tax Debits	37			Total Owner'S(Stockholder'S) Equity	75	-14,715,682.45	232,806.59
TOTAL ASSETS	38	370,101,679.51	284,854,475.52	Total Liabilities & Owner'S(Stockholder'S) Equity	76	370,101,679.51	284,854,475.52



Income Statements

COMPANY: SMR Automotive (Langfang)Co.,Ltd		2018		Monetary Unit:Yuan	
Item	line No	Year 2017	Year 2018		
Sales Of Products	1	377,665,072.21	415,770,116.88		
Including : Export Sales	2				
Cost Of Sales	3	361,705,550.75	397,632,108.56		
Including : Cost Of Export Sales	4				
Less : Sales Tax	5				
Profit On Sales	6	15,959,521.46	18,138,008.32		
Add : Profit From Other Operations	7		-3,881,659.39		
Less : Selling Expenses	8	3,051,602.96	11,364,299.53		
General And Administrative Expenses	9	19,632,054.25	12,337,106.94		
Financial Expenses	10	14,484,269.48	-1,891,135.90		
Operating Profit	13	-21,208,405.23	-7,553,921.64		
Add : Income On Investment	14				
Revenue From Subsidies	15				
Non-Operating Income	16	728,309.70	185,804.92		
Less : Non-Operating Expenses	17	110,426.64	388,594.24		
Total Profit	18	-20,590,522.17	-7,756,710.96		
Less : Income Tax	19				
Net Profit	20	-20,590,522.17	-7,756,710.96		
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	-20,590,522.17	-7,756,710.96		

Cash Flow Sheet

COMPANY: SMR Automotive (Langfang) Co., Ltd

2018

ITEM	line No	SUM	ITEM	line No	SUM	ITEM	line NO	SUM	Monetary Unit: Yuan
Cash Flows from Operating Activities			Cash Flows from Financing Activities						
Cash Receipts from Sales of Goods & Provision of Services	1		Cash Proceeds from Receipt of Investments	23		Losses on Scrapping of Fixed Assets	45		
Cash Receipts of Tax Refund	2	468,003,083.85	Cash Receipts from Borrowing	24	22,705,200.00	Financial Expense	46	7,006,780.76	
Cash Receipts from Other Operating Activities	3		Cash Receipts Relating to Other Financing Activities	25	140,497,948.50	Losses from Investments (Less: Gains)	47		
Sub-Total of Cash Inflows from Operating Activities	4	468,003,083.85	Sub-Total of Cash Inflows from Financing Activities	26	163,203,148.50	Deferred Taxes Credit (Less: Debit)	48		
Cash Payments for Goods Purchased & Service Received	5	486,241,569.94	Cash Payments of Amounts Debt	27	111,839,774.73	Decrease In Inventories (Less: Increase)	49	-3,397,286.20	
Cash Payments to & on Behalf of Employee	6	45,526,015.38	Cash Payments for Distribution of Dividends, Profits or Interests	28	5,089,859.27	Decrease In Operating Receivable (Less: Increase)	50	48,180,354.20	
Cash Payments of All Types of Taxes	7	17,318,688.55	Cash Payments for Other Financing Activities	29		Increase In Operating Payables (Less: Decrease)	51	-155,256,885.36	
Cash Payments for Other Operating Activities	8	4,067,690.20	Sub-Total of Cash Outflows from Financing Activities	30	116,929,634.00	Others	52		
Sub-Total of Cash Outflows from Operating Activities	9	553,153,964.07	Net Cash Flows from Financing Activities	31	46,273,514.50	Net Cash Flows from Operating Activities	53	-85,150,880.22	
Net Cash Flows from Operating Activities	10	-85,150,880.22	Effect of Exchange Rate Changes on Cash	32	-48,412,042.65	Investment & Financing Activities Disrelated to Cash Receipts & Payments	54		
Cash Flows from Investment Activities			Net Increase in Cash & Cash Equivalents	33		Conversion of Debt Into Capital	55		
Cash Receipts from Disinvestments	11		Supplementary Information	34		Reclassify Convertible Bonds to Be Expired Within One Year As Current Liability	56		
Cash Receipts from Investment Income	12		Reconciliation of Net Profit to Cash Flows from Operating Activities	35		Fixed Assets Financed By Finance Leases	57		
Net Cash from Disposal of Fixed Assets, Intangible Assets & Other Long-Term Assets	13		Net Profit	36	18,000.00	Others	58		
Cash Receipts from Other Investment Activities	14		Add: Provision for Losses of Assets	37	-7,756,710.96	Net Increase in Cash & Cash Equivalents :	59		
Sub-Total of Cash Inflows	15	18,000.00	Depreciation of Fixed Assets	38		Cash At The End of Period	60	4,341,744.01	
Cash Payments for purchase of Fixed Assets, Intangible Assets & Other Long-Term Assets	16	18,000.00	Amortisation of Intangible Assets	39	13,590,343.08	Less: Reduction: the initial balance of cash	61	52,753,786.66	
Cash Payments to Investments	17	9,552,676.93	Amortisation of Long-Term Prepaid Expenses	40	349,748.60	Add: Cash Equivalents Closing Balance	62		
Cash Payments for Other Investment Activities	18		Decreases in Prepaid Expenses (Less: Increase)	41	11,150,739.80	Less: Cash Equivalents Opening Balance	63		
Sub-Total of Cash Outflows from Investment Activities	19	9,552,676.93	Increase In Accrued Expenses (Less: Decrease)	42	-460,763.52	Net Increase in Cash & Cash Equivalents	64	-48,472,042.65	
Net Cash Flows from Investment Activities	20	-9,534,676.93	Losses on Disposal of Fixed Assets, Intangible Assets & Other Long-Term Assets (Less: Gains)	43	1,455,061.41		65		
	21			44	-12,262.03		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 Langfang Administration for Industry and commerce. The unified social credit code is 9113100059355231XY. Address: No. 4 Baohai Road, Xianghe Modern Industrial Park, Langfang City, Hebei Province; legal representative: Ken Salter ; in March 2018 the company increased paid in capital USD 3 million 600 thousand; Till 2018 yearend total the registered capital USD 17 million 210 thousand; USD 17 million 210 thousand paid in capital; business scope: automobile rearview mirror, fuel plug, hand series (injection molding, painting, assembly), rear projection system, rearview mirror adjusting electric device, sensor system and accessories design, production, assembly, sales and technical service etc..

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 Inventories are valued at historical cost;

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

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 moulds;

2.7.1.3 instruments;

2.7.1.4 transportation facilities;

2.7.1.5 electronic equipment;

2.7.1.6 production facility;

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.

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	6 ~ 20	5% ~ 16.66%	0%	
Furniture, tools	5 ~ 10	10%~20%	0%	
Transport equipment	10	10%	0%	



Experimental equipment	5	20%	0%	
Electronic equipment	3 ~ 7	14% ~ 33%	0%	
Production facility	10	10%	0%	

2.8 Recognition and Amortization of Intangible Asset:

Intangible assets are stated in balance sheet as per purchase cost net off amortization. The intangible assets of the Company are the land use right which is amortized in 50 years and software which is amortized 5 to 10 years.

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

Item	Opening Balance	Closing Balance	Remarks
Petty Cash	3,702.27		
Bank Account Deposit	52,750,084.39	4,341,744.01	
Other Monetary Cash			
Total	52,753,786.66	4,341,744.01	

3.2 Notes Receivable

The drawee (acceptor or indorser)	Date of ticket	Maturity date	Par value	Remarks
Beijing Hyundai Motor Co Chongqing branch	2018-12-25	2019-03-25	106,028.00	Banker's acceptance bill
Beijing Hyundai Motor Co Beijing branch	2018-12-25	2019-03-25	4,311,952.00	Banker's acceptance bill
Beijing Hyundai Motor Co Cangzhou branch	2018-11-26	2019-02-26	109,792.00	Banker's acceptance bill
Beijing Hyundai Motor Co Chongqing branch	2018-11-26	2019-02-26	106,757.00	Banker's acceptance bill
Samaray Automotive Accessories (Yancheng) Co., Ltd.	2018-11-22	2019-02-01	828,188.51	Banker's acceptance bill
Beijing Hyundai Motor Co Cangzhou branch	2018-11-09	2019-02-10	119,371.00	Banker's acceptance bill



Samaray Automotive Accessories (Yancheng) Co., Ltd.	2018-11-08	2019-01-02	281,111.70	Banker's acceptance bill
Beijing Hyundai Motor Co Cangzhou branch	2018-10-25	2019-01-25	132,865.00	Banker's acceptance bill
Samaray Automotive Accessories (Yancheng) Co., Ltd.	2018-10-24	2019-01-17	270,000.00	Banker's acceptance bill
Beijing Hyundai Motor Co Cangzhou branch	2018-10-10	2019-01-10	100,885.00	Banker's acceptance bill
Total			6,366,950.21	

3.3 Account Receivables

3.3.1

Aging	Opening Balance		Closing Balance	
	Amount	%	Amount	%
Within 1 year	138,285,964.64	100.00%	97,156,409.34	100.00%
1-2 years				
2-3 years				
3-4 years				
4-5 years				
More than 5 years				
Total	138,285,964.64	100.00%	97,156,409.34	100.00%
Less: Provision				
Net Value	138,285,964.64	100.00%	97,156,409.34	100.00%

3.3.2

Customer	Closing Balance	Nature of money	Aging	%
Ningbo Shengwei Dehe Huaxiang Automobile Parts Co., Ltd.	58,673,333.18	Payment for goods	Within 1 year	60.39%
Beijing Hyundai Motor Co Beijing branch	16,270,115.95	Payment for goods	Within 1 year	16.75%
SMR Automotive ModulesK	14,867,793.94	Payment for goods	Within 1 year	15.30%
GLOVIS.CO.LTD	4,743,383.88	Payment for goods	Within 1 year	4.88%
Beijing Modern Mobis Auto Parts Co., Ltd.	1,070,808.26	Payment for goods	Within 1 year	1.10%
Total	95,625,435.21			98.42%

3.4 Other Receivable

Aging	Opening Balance		Closing Balance	
	Amount	%	Amount	%
Within 1 year	1,160,829.89	97.81%	203,364.78	89.84%
1-2 years	9,338.13	0.79%	4,000.00	1.77%
2-3 years	33.29	0.00%	2,307.53	1.02%
3-4 years	-		33.29	0.01%
4-5 years	650.00	0.05%	-	
More than 5 years	16,000.00	1.35%		
Total	1,186,851.31	100.00%	226,355.60	100.00%
Less: Provision				
Net Value	1,186,851.31	100.00%	226,355.60	100.00%

Breakdown

Customer	Closing Balance	Nature of money	Aging	%
State Tax Bureau of Xianghe	138,964.14	Export rebate	Within 1 year	61.39%
Shanghai Shengmao Chemical Co., Ltd.	50,996.00	Material payment	Within 1 year	22.53%

SK (Beijing) car rental Co., Ltd.	16,000.00	Car rental deposit	More than 5 years	7.07%
SK (Beijing) car rental Co., Ltd.	4,000.00	Car rental deposit	1-2years	1.77%
Ministry of Personnel	10,000.00	Personal loan	Within 1 year	4.42%
Beijing Mingcheng Hanhai Science and Trade Co., Ltd.	3,404.64	Material payment	Within 1 year	1.50%
Total	223,364.78			98.68%

3.5 Advance to Suppliers

Aging	Opening Balance		Closing Balance	
	Amount	%	Amount	%
Within 1 year	2,029,857.15	88.72%	2,333,212.72	90.35%
1-2 years	60,950.72	2.66%	2,047.00	0.08%
2-3 years	197,181.00	8.62%	49,844.72	1.93%
3-4 years			197,181.00	7.64%
4-5 years				
More than 5 years				
Total	2,287,988.87	100.00%	2,582,285.44	100.00%

Breakdown

Customer	Closing Balance	Nature of money	Aging	%
Tianjin Dayu Plastic Products Co., Ltd.	789,595.26	Payment for goods	Within 1 year	30.58%
SMR Automotive (Langfang) Co., Ltd.PD	516,388.85	Gas bill	Within 1 year	20.00%
Quanxiang International Freight (China) Co., Ltd. Beijing Freight Forwarding Branch	407,365.77	Substitute duty	Within 1 year	15.78%
Langfang Hongju Network Technology Co., Ltd.	213,500.00	Monitoring Equipment Section	Within 1 year	8.27%
Huaxia Hehe (Beijing) International Transport Agency Co., Ltd.	143,791.59	Substitute duty	Within 1 year	5.57%
Total	2,070,641.47			80.19%

3.6 Inventory

Item	Opening Balance	Addition	Deductions	Closing Balance
Raw Materials	16,871,530.15	3,232,949.36		20,104,479.51
Packing Materials	-			-
Low Value consumables	3,154,204.69		652,563.34	2,501,641.35
Finished Goods	10,323,155.30	816,900.18		11,140,055.48
Total	30,348,890.14	4,049,849.54	652,563.34	33,746,176.34
Less: Provision	429,316.95			429,316.95
Total	29,919,573.19	4,049,849.54	652,563.34	33,316,859.39

3.7 Prepaid Expense

Item	Opening Balance	Addition	Amortization	Closing Balance
Apartment Rental - KIM	110,250.00		110,250.00	-
Subscription	5,644.96		5,644.96	-
Apartment Rental-NAMIT	52,500.00		52,500.00	-
Insurance-NAMIT	23,044.87	78,672.57	82,049.32	19,668.12
Water purifier rental	3,235.61	12,822.87	12,223.56	3,834.92
Printer rental	11,326.87	24,780.45	36,107.30	0.02
Rent	8,092.62	2.88	8,095.50	-
Environmental pollution liability insurance	30,566.02	36,226.42	39,622.63	27,169.81



QAD maintenance	72,310.49	187,171.71	105,678.61	153,803.59
Rent - General Manager	17,999.96	49,272.00	42,636.00	24,635.96
Rent NPI (Lu Zhenyuan)	30,000.00	105,000.00	105,000.00	30,000.00
Namit insurance	60,204.83		60,204.83	-
Kimjima Naga insurance	57,360.99		57,360.99	-
Forklift	17,094.02	161,781.51	133,963.31	44,912.22
Rent ma vice president	36,666.67	166,500.00	203,166.67	-
Product liability insurance	4,547.59	19,580.64	19,233.09	4,895.14
Business interruption insurance	2,562.46	27,232.58	22,986.88	6,808.16
Lu Zhenyuan insurance	26,643.99	88,500.63	85,468.55	29,676.07
MA zaiqiu insurance	52,408.80	170,716.03	165,880.27	57,244.56
Rent SMBJ	30,000.00	97,500.00	97,500.00	30,000.00
Rent-Gu Gao		15,600.00	15,600.00	-
Xu Lingyun Compensation		30,400.00	30,400.00	-
Warehouse leasing		345,744.00	345,744.00	-
Machine maintenance		409,052.83	331,657.64	77,395.19
Building maintenance		253,300.00	253,300.00	-
Environment Detection		259,860.37	259,860.37	-
Waste monitoring network		12,000.00	12,000.00	-
Rent-Yin GenXi		57,000.00	57,000.00	-
Rent-Jin Yitai		72,000.00	72,000.00	-
Rent-Yang Yunyu		22,000.00	22,000.00	-
Staff physical examination fee		145,044.00	59,724.00	85,320.00
Rent-Liu Dehuan		11,000.00	11,000.00	-
Other		699,333.23	181,472.72	517,860.51
Total	652,460.75	3,558,094.72	3,097,331.20	1,113,224.27

3.8 Fixed Assets

3.8.1 Purchase Cost

Item	Opening Balance	Addition	Deductions	Closing Balance
Building	66,007,333.89	76,217.62	90,000.00	65,993,551.51
Furniture, tools	13,086,083.32	583,624.68		13,669,708.00
Transport equipment	251,367.53			251,367.53
Experimental equipment	453,883.22			453,883.22
Electronic equipment	1,413,511.35	39,489.79		1,453,001.14
Production facility	75,134,314.46	5,729,190.52	701,073.25	80,162,431.73
Total	156,346,493.77	6,428,522.61	791,073.25	161,983,943.13

3.8.2 Depreciation

Item	Opening Balance	Addition	Deduction	Closing Balance
Building	14,467,206.87	3,316,550.89	90,000.00	17,693,757.76
Furniture, tools	9,252,154.54	1,134,442.53		10,386,597.07
Transport equipment	75,804.17	25,136.76		100,940.93
Experimental equipment	132,903.46	90,776.64		223,680.10
Electronic equipment	589,732.94	440,051.17		1,029,784.11
Production facility	24,971,958.99	8,583,385.09	701,073.25	32,854,270.83
Total	49,489,760.97	13,590,343.08	791,073.25	62,289,030.80

3.8.3 Provision for impairment

Item	Opening Balance	Addition	Deduction	Closing Balance
Building	47,500.00			47,500.00
Furniture, tools				-

Transport equipment				-
Experimental equipment				-
Electronic equipment				-
Production facility	535,843.45			535,843.45
Total	583,343.45	-	-	583,343.45

3.8.4NBV

Item	Opening Balance			Closing Balance
Building	51,492,627.02	166,217.62	3,406,550.89	48,252,293.75
Furniture, tools	3,833,928.78	583,624.68	1,134,442.53	3,283,110.93
Transport equipment	175,563.36		25,136.76	150,426.60
Experimental equipment	320,979.76	-	90,776.64	230,203.12
Electronic equipment	823,778.41	39,489.79	440,051.17	423,217.03
Production facility	49,626,512.02	6,430,263.77	9,284,458.34	46,772,317.45
Total	106,273,389.35	7,219,595.86	14,381,416.33	99,111,568.88

3.9 Construction in Progress

Item	Opening Balance	Addition	Deductions	Closing Balance
Equipment	388,812.92	16,898,144.68	6,428,522.61	10,858,434.99
Total	388,812.92	16,898,144.68	6,428,522.61	10,858,434.99

3.10 Intangible Assets

Item	Opening Balance	Addition	Amortization	Closing Balance
Land Use Right	11,050,926.05		246,489.00	10,804,437.05
QAD Software	801,961.43		97,849.44	704,111.99
POPSoftware		46,372.60	5,410.16	40,962.44
Total	11,852,887.48	46,372.60	349,748.60	11,549,511.48

3.11 Long-term Unamortized Expenses

Item	Opening Balance	Addition	Deductions	Closing Balance
Turnover box amortization	1,931,099.34	1,075,811.92	1,723,824.40	1,283,086.86
Die amortization	10,814,291.39	6,078,330.49	5,850,229.20	11,042,392.68
Fixture amortization	1,003,023.64	8,479,314.93	3,576,686.20	5,905,652.37
Total	13,748,414.37	15,633,457.34	11,150,739.80	18,231,131.91

3.12 Short-term Loan

Name of Lender	Opening Balance	Addition	Deductions	Closing Balance
SmARY Automotive Parts (Beijing) Co., Ltd.	27,285,381.94	6,292,889.07	1,134,583.02	32,443,687.99
IBK Tianjin Wuqing Sub-Branch	112,311,272.09	169,861,206.31	245,626,292.06	36,546,186.34
Bank of Australia and New Zealand (China) Limited Beijing Branch		100,351,096.83	375,347.86	99,975,748.97
Total	139,596,654.03	276,505,192.21	247,136,222.94	168,965,623.30

3.13 Account Payable

Aging	Opening Balance		Closing Balance	
	Amount	%	Amount	%
Within 1 year	218,899,280.63	99.98%	88,923,390.73	99.96%
1-2 years			-	
2-3 years	36,597.60	0.02%	-	
3-4 years			36,597.60	0.04%
4-5 years				
More than 5 years				
Total	218,935,878.23	100.00%	88,959,988.33	100.00%



Breakdown

Suppliers	Closing Balance	Nature of money	Aging	%
SMR Automotive Modules Korea Ltd	16,310,727.05	Material payment	Within 1 year	18.33%
SMR Hyosang	10,501,870.63	Material payment	Within 1 year	11.81%
Beijing Yuanyi Vehicle Decoration Co., Ltd.	3,726,186.62	Material payment	Within 1 year	4.19%
JILI (TIANJIN) COMMERCIAL TRADE CO., LTD.	3,505,528.00	Material payment	Within 1 year	3.94%
Metsuiyi Automotive Mirror Control (Suzhou) Co., Ltd.	2,923,855.22	Material payment	Within 1 year	3.29%
Total	36,968,167.52			41.56%

3.14 Salary Payable

	Opening Balance	Addition	Deductions	Closing Balance
Salary Payable	1,373,238.80	31,528,627.42	31,389,098.34	1,512,767.88
Bonus Payable	1,473,098.29	5,733,238.50	5,544,475.81	1,661,860.98
Social insurance	257.34	3,744,882.08	3,744,826.03	313.39
Housing Provident Fund	-15,773.60	3,179,747.03	3,163,973.43	-
Total	2,830,820.83	44,186,495.03	43,842,373.61	3,174,942.25

3.15 Tax Payable

Item	Opening Balance	Addition	Repayment	Closing Balance
VAT	-2,947,322.89	3,448,344.49	2,298,597.86	-1,797,576.26
IIT	75,101.95	1,333,998.79	1,360,875.17	48,225.57
Withholding Income Tax	84,792.98	313,505.58	342,915.48	55,383.08
Withholding VAT	-737,263.66	983,832.49	242,266.92	4,301.91
Withholding City Construction Tax (VAT)	2,491.75	34,323.36	30,865.98	5,949.13
Withholding Education Surcharge (VAT)	1,495.02	15,710.97	13,401.81	3,804.18
Withholding Local Education Surcharge (VAT)	996.69	18,517.84	16,978.40	2,536.13
Land use tax should be paid	-	100,611.00	100,611.00	-
Stamp duty	-	230,358.07	230,358.07	-
VAT-Export Tax Rebate Credit		-	560,541.10	-560,541.10
Additional education fees payable		157,074.06	157,140.72	-66.66
Taxes Payable-tariff		12,246,541.60	12,333,217.98	-86,676.38
(Local) Additional education fees payable		108,445.55	108,489.99	-44.44
Total	-3,519,708.16	18,991,263.80	17,796,260.48	-2,324,704.84

3.16 Other Payable

Aging	Opening Balance		Closing Balance	
	Amount	%	Amount	%
Within 1 year	26,249,549.84	99.43%	21,125,118.54	88.69%
1-2 years	79,858.42	0.30%	2,541,472.75	10.67%
2-3 years	72,101.60	0.27%	79,858.42	0.34%
3-4 years			72,101.60	0.30%
4-5 years				
More than 5 years				
合 计	26,401,509.86	100.00%	23,818,551.31	100.00%

Breakdown

Name of Suppliers	Closing Balance	Nature of money	Aging	%
SMR Automotive Modules Korea Ltd.	4,654,403.70	Intercourse funds	Within 1 year	19.54%



Kunshan Youcheng precision mould Co. Ltd.	2,388,400.00	Material payment	1-2years	10.03%
Beijing middle star emblem Logistics Co., Ltd.	1,360,971.04	Freight	Within 1 year	5.71%
Koryo International Freight Forwarder (Shenzhen) Co., Ltd.	1,170,110.00	Material payment	Within 1 year	4.91%
SMR Patents S.a.r.l	1,146,874.80	Trademark royalties	Within 1 year	4.82%
Total	10,720,759.54			45.01%

3.17 Anticipation liabilities

Item	Opening Balance	Addition	Deductions	Closing Balance
Warranty accrual for product quality	572,207.17	1,455,061.41		2,027,268.58
Total	572,207.17	1,455,061.41	-	2,027,268.58

3.18 Capital

Investor	registered capital(USD)		Capital collection(USD)	
	Amount	%	Amount	%
SMR AUTOMOTIVE MIRROR SYSTEMS HOLDING DEUTSCHLAND GMBH	17,210,000.00	100.00%	17,210,000.00	100.00%
Total	17,210,000.00	100.00%	17,210,000.00	100.00%

3.19 Undistributed Profit

Opening Balance	Adjustment	Current Year	Distribution	Closing Balance
-101,866,589.01	-	-7,756,710.96		-109,623,299.97

3.20 Revenue & Cost of Sales

Item	Sales Revenues		Cost of Sales	
	Prior Year	Current Year	Prior Year	Current Year
Auto Parts	377,665,072.21	415,770,116.88	361,705,550.75	397,632,108.56
Sub-Total	377,665,072.21	415,770,116.88	361,705,550.75	397,632,108.56
Sales materials		3,187,106.32		3,315,653.52
Scrap		118,733.74		-
Semi-manufactured goods		160,992.77		5,284,817.78
Other		1,251,979.08		-
Sub-Total	-	4,718,811.91	-	8,600,471.30
Total	377,665,072.21	420,488,928.79	361,705,550.75	406,232,579.86

3.21 Selling Expense

Item	Prior Year	Current Year	Remarks
Salary	781,089.22	819,886.81	
Welfares	127,000.71	153,295.01	
Pension insurance	45,240.93	80,071.40	
Unemployment insurance	2,620.08	2,404.53	
Medical insurance premium	30,019.64	24,717.79	
Housing Provident Fund	25,511.20	28,604.30	
Other expenses for staff and workers	52,118.72	3,783.71	
Depreciation charge	2,676.44	1,958.90	
Shipping Expenses	1,696,726.50	146,920.15	
Vehicle Expense	45,109.11	29,519.76	
Postage	4,083.92		
Water and electricity	1,029.67		
Travel expenses	42,411.88	27,116.04	
Traffic expense	40.00	5,012.00	
Office expenses	331.93		



Communication fee	1,000.00		
Business hospitality	6,172.18		
Sample cost	1,120.70		
Packing fee	170,290.00	1,089,171.00	
Rental fee	17,010.13	78,264.84	
Low Value consumables		823.28	
Software cost		16,554.94	
Communication		3,400.00	
Entertainment		3,091.22	
Transportation charges for finished products		8,642,315.25	
Export charges		207,388.60	
Total	3,051,602.96	11,364,299.53	

3.22 General Administration Expense

Item	Prior Year	Current Year	Remarks
Salary	3,671,333.39	2,659,981.22	
Welfare funds	520,871.64	745,921.93	
Employee social security	381,514.05	343,429.34	
Unemployment insurance	8,704.67	12,216.25	
Medical insurance premium	127,557.90	99,815.33	
Housing Provident Fund	166,862.65	170,396.32	
Union funds	415,173.86	18,985.86	
Depreciation charge	1,428,627.85	636,528.59	
Taxes	324,826.54	883,303.24	
Amortization of intangible assets	55,132.85	30,977.90	
Travel expenses	344,924.26	446,104.06	
Audit fee	10,655.23	88,132.10	
Vehicle cost	465,422.66	261,742.74	
Communication expense	100,000.00	100,900.00	
Transportation fee	2,888,667.41	42,902.34	
Service fee	677,194.64	773,008.98	
Tool	13,599.23		
Low value consumable	146,581.62	25,871.16	
Packing charges	200,370.16		
Maintenance cost	703,146.14	264,056.59	
Business entertainment	414,970.23	215,416.41	
Sample cost	528,470.16	764,363.23	
Technical service fee	452,540.26	376,490.44	
Trial inspection fee	966,958.45	37,073.60	
The transportation fee	84,774.22	70,558.47	
Software cost	345,196.61	270,362.74	
Office cost	81,030.47	120,046.64	
Mailing fee	19,017.18	23,841.71	
Recruitment cost	243,910.71	246,205.85	
Labor insurance fee	9,531.70	20,183.95	
Training fee	30,145.09	34,999.56	
Subscription fees	9,455.04	8,315.00	
Property insurance premium	353,602.34	163,891.90	
Certification fee	50,078.65		
Consulting fee	428,615.46	65,702.08	
Equipment commissioning	-412.21		
Trial material	86,840.79		
Trademark royalty	1,631,598.24	1,288,179.53	



Leasehold	18,974.35	109,712.30	
Water and electricity	416,707.05		
Miscellaneous purchase	16,201.12	35,253.18	
Waste disposal fee	761,225.76	459,426.03	
Selection and finishing fee	24,512.78		
Cover costs	70,492.44		
Gas charge	91,259.40		
Machine material consumption	266,502.00		
Company activity fee	40,289.00	31,000.00	
Inventory falling price reserves	-676,371.74		
Amortization of assets	214,771.95		
Labour union expenditure		391,810.59	
Other		-0.22	
Total	19,632,054.25	12,337,106.94	

3.23 Finance Expense

Item	Prior Year	Current Year	Remarks
Interest Expense	13,071,003.28	-2,618,852.53	
Bank Charge	422,674.83	594,439.48	
Exchange gain or loss	1,089,800.19	170,774.77	
Interest Income	-99,208.82	-37,497.62	
Total	14,484,269.48	-1,891,135.90	

3.24 Non-operation Income

Item	Prior Year	Current Year	Remarks
Fine income	728,309.70	156,346.95	
Other		29,457.97	
Total	728,309.70	185,804.92	

3.25 Non-operation Expense

Item	Prior Year	Current Year	Remarks
The penalties and fines expenses	101,339.80	177,193.82	
Fixed assets depreciation reserves		3,255.21	
Net loss on disposal of non current assets			
Other	9,086.84	208,145.21	
Total	110,426.64	388,594.24	

SMR Automotive (Langfang) Company Limited

December 31, 2018

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.

2017.12.20

证书编号: 120200502162
No. of Certificate

发证机构: 河北注册会计师协会
Authorized Institute of CPAs

发证日期: 2003 年 05 月 11 日
Date of Issuance

2017 年 12 月 20 日

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.

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.



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。

本证书加贴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: 何述杰
Full name: _____
性别: 男
Sex: _____
出生日期: 1973-11-05
Date of birth: _____
工作单位: 廊坊市瑞泰会计师事务所有限公司
Working unit: _____
身份证号码: 132801197311054237
Identity card No.: _____



年度检验登记
Annual Renewal Registration

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



证书编号
No. of Certificate

13000052190

批准注册机关
Approved by

河北省注册会计师协会
Hebei Province CPA Association

发证日期
Date of issuance

2004年 06月 03日

发证日期
Date of issuance

2004年 06月 03日

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

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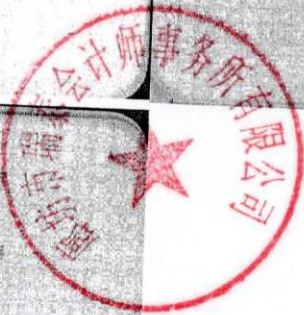


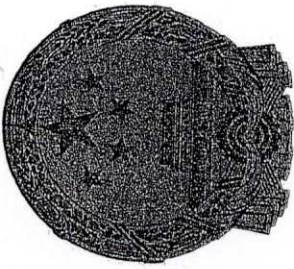
中华人民共和国财政部制

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



姓名	王效东
Full name	
性别	男
Sex	
出生日期	1968-05-19
Date of birth	
工作单位	廊坊市弘泰会计师事务所有限公司
Working unit	
身份证号码	132801196805194219
Identity card No.	





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, 应当向财政部门交回《会计师事务所执业证书》。

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

主任会计师 何述杰

办公场所 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 有限责任公司

会计师事务所编号 13000055

注册资本(出资额) 60 万元

批准设立文号 冀财注[1999]52 号

批准设立日期 1999 年 9 月 28 日

此件与原件一致
何述杰

发证机关: 河北省财政厅

1999 年 9 月 28 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、基建工程预决算验证

此件与原件一致

何述杰



2015年12月25日, 经河北省市场监督管理局核准, 准予变更登记, 经营范围变更为: 审计事务咨询、服务、审计验证、注册资本验证、基建工程预决算验证。

登记机关



2015年 12月 25日