
SMR Automotive (Langfang) Co., Ltd

Audit Report

Langfang Shi Rui Tai Accountants Firm Co., Ltd
Audit(2020) NO.084

CPA

Langfang shi rui
tai accountants
firm co.,Ltd



Room 1-602,
Commercial and
residential Building1,
Zijincheng,
Guangyang District,
Langfang, P.R.China

Tel: +86 316 5266116
Fax:+86 316 5266116
PostCode:065000

Audit report

LANGRUITAIAUDIT (2020) No.084

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 2019 which comprises the balance sheet, the income statement, the cash flow statement ,the statements of changes in equity and the notes of regarding financial statement.

In our opinion, all the attached financial statements are prepared in accordance with the Accounting Standards for Business Enterprises and Accounting System for Business Enterprise in all material aspects and present a true and fair view of the company's financial position and cash flow as of 31 December 2019.

2. Basis of audit opinion

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

3. Management and Governance responsibility for financial statements

The management of the company is responsible for the preparation of

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

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

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

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

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

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

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

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

- (2) Understanding internal control concerning audit in order to design reasonable audit procedure but not for the purpose of expressing opinion on the effectiveness of the company's internal control.
- (3) Assess the appropriateness of account policy and reasonability of accounting estimate as well as regarding disclosure.
- (4) To draw conclusion on the appropriateness of on-going assumption applied by management. Meanwhile, based on the audit evidence, we draw conclusion on whether there is material uncertainty of affairs and situations may lead to doubt on sustainability of the company. If we conclude that there is material uncertainty, CSA requires us to remind the users of the report of the relevant disclosure; if the disclosure is considered insufficient, we should express our modified opinion. The 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



Langfang, P R China

Certified Public Accountant:



Certified Public Accountant:



2th April, 2020

Balance Sheet

COMPANY: SMR Automotive (Langfang)Co.,Ltd

Dec.31,2019

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 and hand	1	4,341,744.01	5,937,607.32	Short-Term Loan	39	168,965,623.30	208,261,999.39
Short-Term Investment	2			Notes Payable	40		
Notes Receivable	3	6,366,950.21		Accounts Payable	41	88,959,988.33	81,893,415.18
Dividends Receivable	4			Advances from Customer	42		
Interest Receivable	5			Accrued Payroll	43	3,174,942.25	4,375,926.46
Accounts Receivable	6	97,156,409.34	97,241,150.18	Welfare Payable	44		
Less: Provision For Bad Debts	7			Dividens Payable	45		
Other Receivables	8	226,355.60	1,709,640.37	Tax Payable	46	-2,324,704.84	-13,057,069.28
Advances To Suppliers	9	2,582,285.44	384,279.39	Other Unpaid expenses	47		
Subsidiary Receivable	10			Other Account Payable	48	23,818,551.31	28,469,279.70
Inventories	11	33,316,859.39	48,799,973.05	Accrued Expense	49	2,027,268.58	1,553,981.37
Prepaid Expenses	12	1,113,224.27	1,204,789.01	Estimated Liabilities	50		
Long-Term Investment Maturing Within One Year	13			Long-Term Liabilities Due Within One Year	51		
Other Current Assets	14			Other Current Liabilities	52		
Total Current Assets	15	145,103,828.26	155,277,439.32		53		
LONG-TERM Investment	16			Total current liabilities	54	284,621,668.93	311,497,532.82
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	161,983,943.13	183,905,171.85	Special Payable	59		
Less: Accumulated Depreciation	22	62,289,030.80	76,651,674.44	Other Long-Term Liabilities	60		
Fixed Assets-Net Value	23	99,694,912.33	107,253,497.41	Total Long-Term Liabilities	61		
Less: Provisopn for Fixed Assets	24	583,343.45		DEFERRED TAX	62		
Net Book Value of Fixed Assets	25	99,111,568.88	107,253,497.41	Deferred Tax Credits	63		
Necessities of Progress	26			Total Liabilities	64	284,621,668.93	311,497,532.82
Construction In Progress	27	10,858,434.99	15,788,220.17		65		
Disposal of Fixed Assets	28			OWNER'S EQUITY	66		
Total of Fixed Assets	29	109,970,003.87	123,041,717.58	Paid-In Capital	67	109,856,106.56	109,856,106.56
INTANGIBLE ASSETS & OTHER ASSETS	30			Less: Investment Returned	68		
Intangible Assets	31	11,549,511.48	11,195,898.48	Net Value of Paid-In Capital	69	109,856,106.56	109,856,106.56
Long-Term Prepayments	32	18,231,131.91	19,338,869.28	Capital Surplus	70		
Other Long-Term Assets	33			Surplus Reserve	71		
Total Intangible Assets & Other Assets	34	29,780,643.39	30,534,767.76		72		
	35				73		
DEFERRED TAX	36			Undistributed Profit	74	-109,623,299.97	-112,499,714.72
Deferred Tax Debits	37			Total Owner'S(Stockholder'S) Equity	75	232,806.59	-2,643,608.16
TOTAL ASSETS	38	284,854,475.52	308,853,924.66	Total Liabilities & Owner'S(Stockholder'S) Equity	76	284,854,475.52	308,853,924.66

Income Statements

COMPANY: SMR Automotive (Langfang)Co.,Ltd		2019	Monetary Unit:Yuan	
Item	line No	Year 2018	Year 2019	
Sales Of Products	1	415,770,116.88	545,525,370.27	
Including : Export Sales	2			
Cost Of Sales	3	397,632,108.56	511,213,304.29	
Including : Cost Of Export Sales	4			
Less : Sales Tax	5			
Profit On Sales	6	18,138,008.32	34,312,065.98	
Add : Profit From Other Operations	7	-3,881,659.39	1,420,138.07	
Less : Selling Expenses	8	11,364,299.53	14,012,368.12	
General And Administrative Expenses	9	12,337,106.94	12,854,512.67	
Financial Expenses	10	-1,891,135.90	11,132,574.11	
Operating Profit	13	-7,553,921.64	-2,267,250.85	
Add : Income On Investment	14			
Revenue From Subsidies	15			
Non-Operating Income	16	185,804.92	134,802.30	
Less : Non-Operating Expenses	17	388,594.24	743,966.20	
Total Profit	18	-7,756,710.96	-2,876,414.75	
Less : Income Tax	19			
Net Profit	20	-7,756,710.96	-2,876,414.75	
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	-7,756,710.96	-2,876,414.75	

Cash Flow Sheet

COMPANY: SMR Automotive (Langfang)Co.,Ltd

2019

Monetary Unit: Yuan

ITEM	line No	SUM	ITEM	line No	SUM	ITEM	Line NO	SUM
1、Cash Flows from Operating Activities	1			23		Losses on Scrapping of Fixed Assets	45	
Cash Receipts from Sales of Goods & Provision of Services	2	558,005,001.15	Cash Proceeds from Receipt of Investments	24		Financial Expense	46	5,613,165.73
Cash Receipts of Tax Refund	3	12,585,538.15	Cash Receipts from Borrowing	25	287,301,809.32	Losses from Investments (Less:Gains)	47	
Cash Receipts from Other Operating Activities	4	627,377.39	Cash Receipts Relating to Other Financing Activities	26		Deferred Taxes Credit (Less:Debit)	48	
Sub-Total of Cash Inflows from Operating Activities	5	571,217,916.69	Sub-Total of Cash Inflows from Financing Activities	27	287,301,809.32	Decrease in Inventories (Less:Increase)	49	-15,483,113.66
Cash Payments for Goods Purchased & Service Received	6	462,622,453.19	Cash Payments of Amounts Debt	28	250,377,478.10	Decrease in Operating Receivable (Less:Increase)	50	6,996,930.65
Cash Payments to & on Behalf of Employee	7	42,819,376.57	Cash Payments for Distribution of Dividends, Profits or Interests	29	6,758,729.23	Increase in Operating Payables (Less:Decrease)	51	-11,947,224.99
Cash Payments of All Types of Taxes	8	22,170,173.56	Cash Payments for Other Financing Activities	30		Others	52	
Cash Payments for Other Operating Activities	9	37,112,155.93	Sub-Total of Cash Outflows from Financing Activities	31	257,136,207.33	Net Cash Flows from Operating Activities	53	6,493,757.44
Sub-Total of Cash Outflows from Operating Activities	10	564,724,159.25	Net Cash Flows from Financing Activities	32	30,165,601.99	Investment & Financing Activities Disrelated to Cash Receipts & Payments	54	
Net Cash Flows from Operating Activities	11	6,493,757.44	4、Effect of Exchange Rate Changes on Cash	33	-7,833.07	Conversion of Debt into Capital	55	
2、Cash Flows from Investment Activities	12		5、Net Increase in Cash & Cash Equivalents	34	1,595,863.31	Reclassify Convertible Bonds to Be Expired Within One Year As Current Liability	56	
Cash Receipts from Disinvestments	13		Supplementary Information	35		Fixed Assets Financed By Finance Leases	57	
Cash Receipts from Investment Income	14		Reconciliation of Net Profit to Cash Flowsg from Operating Activities	36		Others	58	
Net Cash from Disposal of Fixed Assets, Intangible Assets & Other Long-Term Assets	15		Net Profit	37	-2,876,414.75	Net Increase in Cash & Cash Equivalents :	59	
Cash Receipts from Other Investment Activities	16		Add:Provision for Losses of Assets	38		Cash At The End of Period	60	5,937,607.32
Sub-Total of Cash Inflows	17		Depreciation of Fixed Assets	39	14,927,749.62	Less: Reduction: the initial balance of cash	61	4,341,744.01
Cash Payments for purchase of Fixed Assets, Intangible Assets & Other Long-Term Assets	18	35,055,663.05	Amortisation of Intangible Assets	40	353,613.00	Add: Cash Equivalents Closing Balance	62	
Cash Payments to Investments	19		Amortisation of Long-Term Prepaid Expenses	41	9,400,691.23	Less:Cash Equivalents Opening Balance	63	
Cash Payments for Other Investment Activities	20		Decreases in Prepaid Expenses (Less:Increase)	42	-91,564.74	Net Increase in Cash & Cash Equivalents	64	1,595,863.31
Sub-Total of Cash Outflows from Investment Activities	21	35,055,663.05	Increase in Accrued Expenses (Less:Decrease)	43	-473,287.21		65	
Net Cash Flows from Investment Activities	22	-35,055,663.05	Losses on Disposal of Fixed Assets,Intangible Assets & Other Long-Term Assets (Less:Gains)	44	73,212.56		66	

1 General Information

SMR Automotive (Langfang) Co., Ltd. (hereinafter referred to as the Company) ,A limited liability company (wholly owned by an outside legal person) funded by SMR Automotive Mirror Systems Holding Deutschland GmbH.It was established in April 1, 2012. The industrial and commercial registration authority is Xianghe County market supervision and Administration Bureau. The unified social credit code is 9113100059355231XY. Address: No. 4 Baohai Road, Xianghe Modern Industrial Park, Langfang City, Hebei Province; legal representative: CHANGKYUN HAN ; Registered capital: USD 17.21 million; paid in capital: USD 17.21 million; Business scope: 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 Inventory is valued at actual cost;

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

2.6.3 One off amortization method is adopted for low value consumables

2.7 Accounting for fixed assets and accumulated depreciation

2.7.1 Fixed assets are classified into the following categories

2.7.1.1 building;

2.7.1.2 Furniture and tools;

2.7.1.3 Production facility ;

2.7.1.4 Transport equipment;

2.7.1.5 Experimental equipment;

2.7.1.6 Electronic equipment;

2.7.2 The valuation of fixed assets and provision for impairment thereof

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

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

Item	Useful Life	Depreciation p.a.	Scrap Value %	Remarks
Building	3 ~ 20	5%~33.33%		
Furniture and tools	3 ~ 10	10.00%~33.33%		
Production facility	1 ~ 10	10.00%~100.00%		

Transport equipment	10	10.00%		
Experimental equipment	3~5	20.00%~33.33%		
Electronic equipment	1~7	14.29%~100.00%		

2.8 Recognition and Amortization of Intangible Asset:

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

2.9 Recognition of revenue

2.9.1 Sales of goods

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

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

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

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

2.9.2 Rendering of services

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

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

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

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

2.10 Income Tax:

Income tax is accrued for each month.

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

3 Notes to the Company Financial Statement

3.1 Cash and hand

Item	Opening Balance	Closing Balance	Remarks
Petty Cash			
Bank Account Deposit	4,341,744.01	5,937,607.32	
Other Monetary Cash			
Total	4,341,744.01	5,937,607.32	

3.2 Account Receivables

3.2.1

Aging	Opening Balance		Closing Balance	
	Amount	%	Amount	%
Within 1 year	97,156,409.34	100.00%	97,241,150.18	100.00%
1-2 years				
2-3 years				
3-4 years				
4-5 years				
More than 5 years				
Total	97,156,409.34	100.00%	97,241,150.18	100.00%
Less: Provision				
Net Value	97,156,409.34	100.00%	97,241,150.18	100.00%

3.2.2

Customer	Closing Balance	Nature of money	Aging	%
Ningbo shengweidehe Huaxiang auto mirror Co., Ltd	54,912,421.69	Payment for goods	Within 1 year	56.47%
Beijing Hyundai Motor Co., Ltd. Beijing Branch	17,200,492.60	Payment for goods	Within 1 year	17.69%
Beijing Hyundai Motor Co., Ltd. Chongqing Branch	7,801,326.53	Payment for goods	Within 1 year	8.02%
SMR Automotive Modules Korean Ltd.	7,647,798.42	Payment for goods	Within 1 year	7.86%
GLOVIS Co., Ltd.	5,738,780.30	Payment for goods	Within 1 year	5.90%
Total	93,300,819.54			95.94%

3.3 Other Receivable

3.3.1

Aging	Opening Balance		Closing Balance	
	Amount	%	Amount	%
Within 1 year	203,364.78	89.84%	1,626,311.08	95.13%
1-2 years	4,000.00	1.77%	60,996.00	3.57%
2-3 years	2,307.53	1.02%	4,000.00	0.23%
3-4 years	33.29	0.01%	2,300.00	0.13%
4-5 years			33.29	0.00%
More than 5 years	16,650.00	7.36%	16,000.00	0.94%
Total	226,355.60	100.00%	1,709,640.37	100.00%
Less: Provision				
Net Value	226,355.60	100.00%	1,709,640.37	100.00%

3.3.2

Customer	Closing Balance	Nature of money	Aging	%
Modern automobile R & D Center (China) Co., Ltd	1,454,070.24	Soft film section	Within 1 year	85.05%
Langfang customs of the people's Republic of China	72,146.00	Margin for customs processing trade	Within 1 year	4.22%
Shanghai Shengmao Chemical Co., Ltd	50,996.00	Material payment	1-2 years	2.98%
Xianghe Baichuan Gas Sales Co., Ltd	47,184.84	Gas fee	Within 1 year	2.76%
Sk (Beijing) car rental Co., Ltd	22,200.00	Car rental deposit	Within 1 year	1.30%
Sk (Beijing) car rental Co., Ltd	16,000.00	Car rental deposit	More than 5 years	0.94%
Sk (Beijing) car rental Co., Ltd	4,000.00	Car rental deposit	2-3 years	0.23%
Total	1,666,597.08			97.48%

3.4 Advance to Suppliers

3.4.1

Aging	Opening Balance		Closing Balance	
	Amount	%	Amount	%
Within 1 year	2,333,212.72	90.35%	176,404.39	45.91%
1-2 years	2,047.00	0.08%		
2-3 years	49,844.72	1.93%		
3-4 years	197,181.00	7.64%	10,694.00	2.78%
4-5 years			197,181.00	51.31%
More than 5 years				
Total	2,582,285.44	100.00%	384,279.39	100.00%

3.4.2

Customer	Closing Balance	Nature of money	Aging	%
Beijing elitong Technology Co., Ltd	141,781.00	Payment for goods	4-5 years	36.90%
Kathrein Automotive	74,559.68	Material payment	Within 1 year	19.40%
Shanghai Shengke Instrument Equipment Co., Ltd	49,500.00	Payment for goods	4-5 years	12.88%
Rosenberg Asia Pacific Electronics Co., Ltd	48,587.30	Payment for goods	Within 1 year	12.64%
Gu'an happiness base Asset Management Co., Ltd. Sheraton Chaobaihe Hotel	28,411.58	Hotel expense	Within 1 year	7.39%
Total	342,839.56			89.21%

3.5 Inventory

Item	Opening Balance	Addition	Deductions	Closing Balance
Raw Materials	20,104,479.51	43,791,999.82	42,039,836.19	21,856,643.14
Packing Materials				
Low Value consumables	2,501,641.35	8,562,189.38	6,765,861.52	4,297,969.21
Finished Goods	11,140,055.48	45,820,125.41	33,885,503.24	23,074,677.65
Total	33,746,176.34	98,174,314.61	82,691,200.95	49,229,290.00
Less: Provision	429,316.95			429,316.95
Total	33,316,859.39	98,174,314.61	82,691,200.95	48,799,973.05

3.6 Prepaid Expense

Item	Opening Balance	Addition	Amortization	Closing Balance
Property all risks	19,668.12		19,668.12	
Water purifier rental	3,834.92	16,228.91	15,690.64	4,373.19
Printer rental	0.02	16,283.19	9,498.55	6,784.66
Environmental pollution liability insurance	27,169.81	36,226.42	36,226.42	27,169.81
QAD maintenance fee	153,803.59	81,865.36	160,625.70	75,043.25
Rent - General Manager	24,635.96	225,000.00	174,635.96	75,000.00
Rent NPI (Lu Zhenyuan)	30,000.00		30,000.00	
Forklift	44,912.22	68,495.60	75,620.20	37,787.62
Product liability insurance	4,895.14		4,895.14	
Business interruption insurance	6,808.16		6,808.16	
Lu Zhenyuan insurance	29,676.07	53,532.14	47,520.12	35,688.09
Ma Zaiqiu insurance	57,244.56	69,468.08	80,400.59	46,312.05
Machine maintenance	77,395.19	105,818.18	112,667.92	70,545.45
Physical examination fee	85,320.00		85,320.00	
Liu Dehuan insurance		81,562.72	27,187.57	54,375.15
Shigenzhu insurance		26,557.70	8,852.57	17,705.13
Rent -SMBJ	30,000.00	174,888.00	102,870.00	102,018.00
Other	517,860.51	1,011,295.65	877,169.55	651,986.61
Total	1,113,224.27	1,967,221.95	1,875,657.21	1,204,789.01

3.7 Fixed Assets

3.7.1 Purchase Cost

Item	Opening Balance	Addition	Deductions	Closing Balance
Building	65,993,551.51	7,478,828.30		73,472,379.81
Furniture and tools	13,669,708.00	247,313.92	82,243.92	13,834,778.00

Production facility	80,162,431.73	14,423,635.18	1,024,437.51	93,561,629.40
Transport equipment	251,367.53		125,213.68	126,153.85
Experimental equipment	453,883.22	425,700.00		879,583.22
Electronic equipment	1,453,001.14	577,646.43		2,030,647.57
Total	161,983,943.13	23,153,123.83	1,231,895.11	183,905,171.85

3.7.2 Depreciation

Item	Opening Balance	Addition	Deduction	Closing Balance
Building	17,693,757.76	3,584,503.85		21,278,261.61
Furniture and tools	10,386,597.07	1,151,656.95	82,243.92	11,456,010.10
Production facility	32,854,270.83	10,332,536.26	1,010,902.66	42,175,904.43
Transport equipment	100,940.93	12,615.36	55,302.85	58,253.44
Experimental equipment	223,680.10	136,699.96		360,380.06
Electronic equipment	1,029,784.11	293,080.69		1,322,864.80
Total	62,289,030.80	15,511,093.07	1,148,449.43	76,651,674.44

3.7.3 Provision for impairment

Item	Opening Balance	Addition	Deduction	Closing Balance
Building	47,500.00		47,500.00	
Furniture and tools				
Production facility	535,843.45		535,843.45	
Transport equipment				
Experimental equipment				
Electronic equipment				
Total	583,343.45		583,343.45	

3.7.4 Net value of fixed assets

Item	Opening Balance	Addition	Deduction	Closing Balance
Building	48,252,293.75	7,478,828.30	3,537,003.85	52,194,118.20
Furniture and tools	3,283,110.93	329,557.84	1,233,900.87	2,378,767.90
Production facility	46,772,317.45	15,434,537.84	10,821,130.32	51,385,724.97
Transport equipment	150,426.60	55,302.85	137,829.04	67,900.41
Experimental equipment	230,203.12	425,700.00	136,699.96	519,203.16
Electronic equipment	423,217.03	577,646.43	293,080.69	707,782.77
Total	99,111,568.88	24,301,573.26	16,159,644.73	107,253,497.41

3.8 Construction in Progress

Item	Opening Balance	Addition	Amount transferred to fixed assets	Closing Balance
Equipment	10,858,434.99	28,082,909.01	23,153,123.83	15,788,220.17
Total	10,858,434.99	28,082,909.01	23,153,123.83	15,788,220.17

3.9 Intangible Assets

Item	Opening Balance	Addition	Amortization	Closing Balance
Land Use Right	10,804,437.05		246,489.00	10,557,948.05
QAD Software	704,111.99		97,849.48	606,262.51
POPSoftware	40,962.44		9,274.52	31,687.92
Total	11,549,511.48		353,613.00	11,195,898.48

3.10 Long-term Unamortized Expenses

Item	Opening Balance	Addition	Deductions	Closing Balance
Turnover box amortization	1,283,086.86	5,098,610.09	1,858,067.88	4,523,629.07
Die amortization	11,042,392.68	2,840,763.02	4,380,258.36	9,502,897.34
Fixture amortization	5,905,652.37	2,569,055.49	3,162,364.99	5,312,342.87
Total	18,231,131.91	10,508,428.60	9,400,691.23	19,338,869.28

3.11 Short-term Loan

Name of Lender	Opening Balance	Addition	Deductions	Closing Balance
Smart auto parts (Beijing) Co., Ltd	32,443,687.99	1,297,268.94		33,740,956.93
Enterprise bank (China) Co., Ltd. Tianjin Wuqing sub branch	36,546,186.34	182,099,763.31	148,508,512.96	70,137,436.69
Bank of Australia and New Zealand (China) Co., Ltd. Beijing Branch	99,975,748.97	57,941,100.86	104,655,563.49	53,261,286.34
Citibank (China) Co., Ltd. Beijing Branch		51,859,769.44	737,450.01	51,122,319.43
Total	168,965,623.30	293,197,902.55	253,901,526.46	208,261,999.39

3.12 Account Payable

3.12.1

Aging	Opening Balance		Closing Balance	
	Amount	%	Amount	%
Within 1 year	88,923,390.73	99.96%	79,257,313.79	96.78%
1-2 years			2,599,503.79	3.17%
2-3 years				
3-4 years	36,597.60	0.04%		
4-5 years			36,597.60	0.05%
More than 5 years				
Total	88,959,988.33	100.00%	81,893,415.18	100.00%

3.12.2

Suppliers	Closing Balance	Nature of money	Aging	%
SMR Hyosang (KRW)	15,614,386.78	Material payment	Within 1 year	19.07%
Beijing Yuanyi car decoration Co., Ltd	4,666,975.93	Material payment	Within 1 year	5.70%
Metro mirror control (Suzhou) Co., Ltd	3,808,986.94	Material payment	Within 1 year	4.65%
Beijing Xinjin Auto Parts Co., Ltd	3,186,687.25	Material payment	Within 1 year	3.89%
Tianjin MOBIS Auto Parts Co., Ltd	3,073,409.60	Material payment	Within 1 year	3.75%
Total	30,350,446.50			37.06%

3.13 Salary Payable

	Opening Balance	Addition	Deductions	Closing Balance
Salary Payable	1,512,767.88	22,608,928.34	22,136,044.50	1,985,651.72
Bonus Payable	1,661,860.98	1,986,171.84	1,257,671.47	2,390,361.35
Social insurance	313.39	2,263,414.30	2,263,414.30	313.39
Housing Provident Fund		2,028,306.66	2,028,706.66	-400.00
Total	3,174,942.25	28,886,821.14	27,685,836.93	4,375,926.46

3.14 Tax Payable

Item	Opening Balance	Addition	Repayment	Closing Balance
VAT payable	-1,797,576.26	-7,745,802.22	3,327,144.41	-12,870,522.89
Personal income tax payable	48,225.57	1,074,456.77	1,074,768.99	47,913.35
Withholding - income tax	55,383.08	323,587.79	352,780.22	26,190.65
Withholding - VAT	4,301.91	101,057.15	293,422.61	-188,063.55
Withholding - urban construction tax	5,949.13	73,832.64	72,877.02	6,904.75
Withholding - education surcharges	3,804.18	43,766.83	43,193.48	4,377.53
Withholding - local education surcharges	2,536.13	29,177.88	28,795.65	2,918.36
Land use tax payable		100,611.00	100,611.00	
Stamp duty payable		288,983.32	288,983.32	
VAT payable - export tax rebate offset	-560,541.10	560,541.10		
Education surcharges payable	-66.66	62,388.24	62,388.24	-66.66
Taxes payable - duties	-86,676.38	17,558,385.44	17,558,385.44	-86,676.38

Local education surcharges payable	-44.44	41,592.17	41,592.17	-44.44
Total	-2,324,704.84	12,512,578.11	23,244,942.55	-13,057,069.28

3.15 Other Payable

3.15.1

Aging	Opening Balance		Closing Balance	
	Amount	%	Amount	%
Within 1 year	21,125,118.54	88.69%	25,113,524.45	88.21%
1-2 years	2,541,472.75	10.67%	871,104.06	3.06%
2-3 years	79,858.42	0.34%	2,426,725.71	8.52%
3-4 years	72,101.60	0.30%	50,579.10	0.18%
4-5 years			7,346.38	0.03%
More than 5 years				
Total	23,818,551.31	100.00%	28,469,279.70	100.00%

3.15.2

Name of Suppliers	Closing Balance	Nature of money	Aging	%
SMR Automotive Modules Korea LTD	8,104,432.65	Material payment	Within 1 year	28.47%
Central treasury of the customs of the people's Republic of China	2,501,360.28	Tariff	Within 1 year	8.79%
Kunshan Youcheng precision mould Co., Ltd	2,388,400.00	Material payment	2-3 years	8.39%
SMR Patents S.a.r.l	878,966.22	Trademark use fee	Within 1 year	3.09%
Ningbo shengweidehe Huaxiang auto mirror Co., Ltd	805,742.40	Current account	1-2 years	2.83%
Total	14,678,901.55			51.57%

3.16 Accrued expenses

Item	Opening Balance	Addition	Deductions	Closing Balance
Accrued product quality compensation	2,027,268.58	340,324.55	813,611.76	1,553,981.37
Total	2,027,268.58	340,324.55	813,611.76	1,553,981.37

3.17 Paid in capital

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

3.18 Undistributed Profit

Opening Balance	Adjustment	Current Year	Distribution	Closing Balance
-109,623,299.97		-2,876,414.75		-112,499,714.72

3.19 Revenue & Cost of Sales

Item	Sales Revenues		Cost of Sales	
	Prior Year	Current Year	Prior Year	Current Year
Auto Parts	415,770,116.88	545,525,370.27	397,632,108.56	511,213,304.29
Sub-Total	415,770,116.88	545,525,370.27	397,632,108.56	511,213,304.29
Sales materials	3,187,106.32	8,115,907.26	3,315,653.52	8,272,828.56
Scrap	118,733.74	229,792.65		
Semi-manufactured goods	160,992.77		5,284,817.78	
Other	1,251,979.08	1,351,084.01		3,817.29
Sub-Total	4,718,811.91	9,696,783.92	8,600,471.30	8,276,645.85
Total	420,488,928.79	555,222,154.19	406,232,579.86	519,489,950.14
Other business profit	Amount in the same period of last year		Current amount	
	-3,881,659.39		1,420,138.07	

3.20 Selling Expense

Item	Prior Year	Current Year	Remarks
wages	819,886.81	992,849.33	
Welfare funds	153,295.01	209,638.50	
Endowment insurance	80,071.40	62,790.64	
Unemployment insurance	2,404.53	2,477.74	
Medical insurance	24,717.79	27,864.60	
Housing Provident Fund	28,604.30	35,507.02	
Other expenses for employees	3,783.71	4,300.46	
Depreciation charge	1,958.90	1,999.68	
Freight	146,920.15		
Vehicle cost	29,519.76	69,680.79	
Travel expenses	27,116.04	44,551.08	
Traffic expense	5,012.00	10,369.04	
Office expenses		1,329.00	
Communication fee		7,595.11	
Business entertainment	3,091.22	38,707.34	
Packing charges	1,089,171.00		
Rental fee	78,264.84		
Low value consumables	823.28		
Software cost	16,554.94	2,380.04	
Mobile phone bill	3,400.00		
Transportation cost of finished products	8,642,315.25	12,500,327.75	
Export cost	207,388.60		
Total	11,364,299.53	14,012,368.12	

3.21 General Administration Expense

Item	Prior Year	Current Year	Remarks
wages	2,659,981.22	3,433,119.61	
Welfare funds	745,921.93	619,441.37	
Endowment insurance	343,429.34	246,927.83	
Unemployment insurance	12,216.25	13,393.96	
Medical insurance	99,815.33	119,981.74	
Housing Provident Fund	170,396.32	160,785.99	
Other expenses for employees	18,985.86	23,583.06	
Depreciation charge	636,528.59	516,673.06	
Taxes	883,303.24	1,018,704.47	
Amortization of intangible assets	30,977.90	32,137.20	
Travel expenses	446,104.06	198,603.97	
Audit fee	88,132.10	200,457.24	
Vehicle cost	261,742.74	261,675.88	
Communication fee	100,900.00	115,200.51	
Freight	42,902.34	19,346.78	
Service charge	773,008.98	933,290.02	
Low value consumables	25,871.16	9,404.61	
Asset amortization		18,750.00	
Maintenance cost	264,056.59		
Business entertainment	215,416.41	95,391.27	
Sample cost	764,363.23		
Technical service fee	376,490.44	606,221.70	
Trial production inspection fee	37,073.60		
Traffic expense	70,558.47	75,176.65	

Software cost	270,362.74	1,054,995.40	
Office expenses	120,046.64	173,869.47	
Post charges	23,841.71	15,375.04	
Recruitment fee	246,205.85	110,982.19	
Labor insurance fee	20,183.95	128,395.40	
Training fee	34,999.56	61,378.04	
subscription fee	8,315.00	2,583.22	
Property insurance premium	163,891.90	67,597.84	
Certification fee		200.00	
Consultation fee	65,702.08	7,074.33	
Trademark use fee	1,288,179.53	1,531,366.70	
Rental cost	109,712.30	119,296.00	
Miscellaneous purchase	35,253.18	18,114.55	
Hazardous waste treatment fee	459,426.03	278,943.39	
Selection and arrangement fee		23,313.30	
Company activity fee	31,000.00		
Trade union funds	391,810.59	520,436.23	
Computer repair cost		480.00	
Building maintenance		21,844.65	
Other	-0.22		
Total	12,337,106.94	12,854,512.67	

3.22 Finance Expense

Item	Prior Year	Current Year	Remarks
Interest Expense	-2,618,852.53	8,894,497.57	
Bank Charge	594,439.48	1,277,438.28	
Interest income	-37,497.62	-31,411.97	
Exchange gains and losses	170,774.77	992,050.23	
Total	-1,891,135.90	11,132,574.11	

3.23 Non-operation Income

Item	Prior Year	Current Year	Remarks
Net income from fines	156,346.95		
Other	29,457.97		
Subsidy income		133,987.62	
Income from disposal of assets		814.68	
Total	185,804.92	134,802.30	

3.24 Non-operation Expense

Item	Prior Year	Current Year	Remarks
Fines expenses	177,193.82	565,771.53	
Net loss on disposal of fixed assets	3,255.21	73,212.56	
Uncollectible accounts receivable		104,974.58	
Other	208,145.21	7.53	
Total	388,594.24	743,966.20	

SMR Automotive (Langfang) Company Limited

December 31, 2019

年度检验登记

Annual Renewal Registration

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

年度检验登记

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姓名: 何述杰
 Full name: He Shujie
 性别: 男
 Sex: Male
 出生日期: 1973-11-06
 Date of birth: 1973-11-06
 工作单位: 廊坊市瑞泰会计事务所有限公司
 Working unit: Langfang Ruitai Accounting Firm Co., Ltd.
 身份证号码: 132801197311054231
 Identity card No.: 132801197311054231



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

本证书为持证人在执行注册会计师法
 定业务的资格证明。
 本证书如盖省级以上注册会计师协会
 会印印后为有效证件。

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.

年度检验登记
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This certificate is valid
this renewal.



130000552182

河北省注册会计师协会
Hebei Province Institute of CPAs

发证日期: 2016 年 05 月 30 日
Date of issuance

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

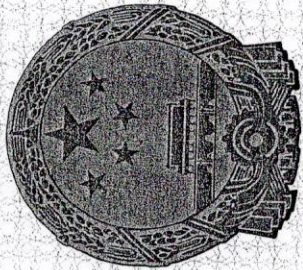
本证书为持证人执行注册会计师法
定业务的资格证明。
本证书加盖省级以上注册会计师协
会钢印后为有效证件。

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Certified Public Accountants at provincial level
or above.



姓名: 李新建
Full name
性别: 女
Sex
出生日期: 1979-04-13
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: 131002197904134621
Identity card No.





会计师事务所 执业证书

名称：廊坊市瑞泰会计师事务所有限公司

此件与原件一致
何述杰

首席合伙人：

主任会计师：何述杰

经营场所：

廊坊市广阳区紫金城商住楼
第1幢1单元6层1-602号房

组织形式：有限责任

执业证书编号：13000055

批准执业文号：冀财注〔1999〕52号

批准执业日期：1999年9月2日

证书序号：0005398

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- 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。
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发证机关：河北省财政厅

二〇一〇年五月十九日

中华人民共和国财政部制



营业执照

(副本)

副本编号: 1-1

统一社会信用代码 911310034019914313

名称	廊坊市瑞泰会计师事务所有限公司
类型	有限责任公司
住所	廊坊市广阳区紫金城商住楼第1幢1单元6层1-602号房
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



每年1月1日至6月30日, 登河北省市场主体信用信息公示系统, 报送年度报告, 逾期不报送的, 列入经营异常名录或异常状态



2015年12月25日