

**B.C.R.H. & Associés**

*Société d'Expertise Comptable  
et de Commissariat aux Comptes*



## **Toolux Sanding SA**

3B, boulevard du Prince Henri  
L-1724 Luxembourg  
RCS Luxembourg B 142 041

### **INDEPENDENT AUDITOR'S REVIEW REPORT**

**CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2020**

**INDEPENDENT AUDITOR'S REPORT ON  
CONSOLIDATED FINANCIAL STATEMENTS  
OF TOOLUX SANDING SA AS AT 31 DECEMBER 2020**

**To the shareholders of Toolux Sanding SA,**

Following the Company's request, we have audited the accompanying consolidated financial statements of Toolux Sanding SA ("the Company") and its subsidiaries (together the "Group") which comprise the consolidated statement of financial position as at December 31<sup>st</sup> 2020, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

**Director's responsibility for the financial statements**

The directors of the Company are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's responsibility**

Our responsibility is to express an opinion on these consolidated financial statement based on our audit. We conducted our audit in accordance with International Standards of Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgement of the auditor, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Toolux Sanding SA, as of December 31<sup>st</sup>, 2020 and of its financial performance and of its cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union.

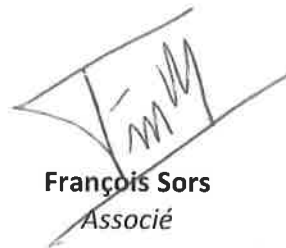
### **Report on other legal requirements**

The consolidated management report, which is the responsibility of the board of directors, is consistent with the consolidated financial statements.

Paris, October 4th, 2021

### **BCRH & Associés**

*Société d'Expertise Comptable et de Commissariat aux Comptes*



**François Sors**  
*Associé*

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# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(euros)

## TOOLUX SANDING SA

ITEMS	NOTE	From January 1, 2020 to December 31,2020	From January 1, 2019 to December 31,2019
<b>SALES OF MAIN OPERATIONS</b>	IV(II) (1)	14 502 616	16 078 278
Less:cost of main operations	IV(II) (2)	-11 892 797	-13 516 636
<b>GROSS PROFIT</b>		<b>2 609 819</b>	<b>2 561 642</b>
Add: Income from other operations	IV(II) (3)	185 034	178 013
Less: Selling expenses	IV(II) (4)	-267 819	-300 824
Less: General and administrative expenses	IV(II) (5)	-1 875 242	-2 509 299
Less: Financial expenses	IV(II) (6)	-798 936	-858 551
<b>OPERATING INCOME</b>		<b>-147 144</b>	<b>-929 019</b>
Investment income(loss expressed with "-")		10 297	-3 582 724
Non-operating income	IV(II) (7)	29 024	86 400
Less:Sales tax and additions		-68 270	-36 331
Less:Non-operating expenses	IV(II) (8)	-815	-12 542
<b>PROFIT BEFORE TAX (LOSS EXPRESSED WITH "-")</b>		<b>-176 908</b>	<b>-4 474 216</b>
Less: Income tax		-373	-7 583
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>-177 281</b>	<b>-4 481 799</b>
PROFIT PER SHARE (BASIC AND DILUTED)		-0,10	-2,56

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## (euros)

From January 1, 2020 to December 31, 2020

### TOOLUX SANDING SA

ITEMS	NOTE	December 31,2020	December 31,2019
<b>NON CURRENT ASSETS :</b>			
Property, plant and equipment	IV(I) (6)	9 008 166	9 197 128
Less:Accumulated depreciation	IV(I) (6)	-6 149 511	-5 917 396
Property, plant and equipment (net value)	IV(I) (6)	2 858 655	3 279 732
Intangible assets	IV(I) (7)	328 399	346 967
Long-term investment		153 160	156 930
Long-term prepaid assets		9 654	15 146
Deferred tax assets			
<b>TOTAL NON CURRENT ASSETS</b>		<b>3 349 868</b>	<b>3 798 775</b>
<b>CURRENT ASSETS:</b>			
Inventories	IV(I) (5)	982 781	2 724 509
Trade debtors	IV(I) (2)	2 336 069	1 307 605
Other receivable	IV(I) (3)	6 609 892	7 007 949
Advances to suppliers	IV(I) (4)	4 669 967	4 634 812
Cash and cash equivalents	IV(I) (1)	7 229 373	5 904 951
<b>TOTAL CURRENT ASSETS</b>		<b>21 828 082</b>	<b>21 579 826</b>
<b>TOTAL ASSETS</b>		<b>25 177 950</b>	<b>25 378 601</b>
<b>CURRENT LIABILITIES:</b>			
Bank borrowings	IV(I) (8)	11 456 383	13 681 990
Notes payable	IV(I) (9)	1 247 972	
Trade creditors	IV(I) (10)	3 177 382	1 847 823
Advances received from customers	IV(I) (11)	271 637	610 406
Welfare benefits payable		126 839	173 704
Taxes payable	IV(I) (12)	65 123	98 048
Other levies payable		6 496	7 497
Other payable	IV(I) (13)	3 150 347	2 928 671
<b>TOTAL CURRENT LIABILITIES</b>		<b>19 502 179</b>	<b>19 348 139</b>
<b>OWNERS'/SHAREHOLDERS' EQUITY</b>			
Subscribed capital		1 753 667	1 753 667
Other reserves		1 532 602	1 709 883
Exchange differences on translating foreign operations		2 389 502	2 566 912
<b>TOTAL OWNERS' EQUITY</b>		<b>5 675 771</b>	<b>6 030 462</b>
<b>Non-controlling interests</b>			
<b>TOTAL LIABILITIES &amp; OWNERS' EQUITY</b>		<b>25 177 950</b>	<b>25 378 601</b>

**CONSOLIDATED CASH FLOW STATEMENT (euros)**

ITEMS	31 December 2020	31 December 2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	-177 665	-4 489 381
Adjustements for :		
Exchange difference	-164 351	71 134
Impairment loss for doubtful accounts	5 476	28 566
Depreciation of property, plant and equipment	379 770	-403 593
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>43 230</b>	<b>-4 793 274</b>
<b>WORKING CAPITAL CHANGES</b>		
Trade debtors	-1 077 207	858 308
Other receivable	212 857	910 750
Advances to suppliers	-148 651	1 618 523
Inventories	1 700 898	-130 388
Notes payable	1 266 304	-1 551 610
Accounts payable	1 394 132	-385 949
Advances from customers	-328 866	-1 250 284
Welfare benefit payable	-17 992	
Accrued payroll	-25 326	-5 857
Taxes payable	-26 368	-53 279
Other levies payable	-833	341
Other payable	273 520	-23 407
<b>CASH FROM OPERATING ACTIVITIES</b>	<b>3 265 698</b>	<b>-4 806 126</b>
Income tax	<b>373</b>	<b>7 583</b>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>3 266 071</b>	<b>-4 798 543</b>
<b>INVESTING ACTIVITIES</b>		
Long term equity investment		
Purchase of property, land and equipment	-32 455	8 508 136
Intangible assets	10 384	476 126
Construction in progress		669 599
Long term prepaid assets	5 203	21 130
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>-16 868</b>	<b>9 674 990</b>
<b>FINANCING ACTIVITIES</b>		
Short term loans received	11 624 668	13 835 193
Short term loans repaid	-13 549 449	-20 327 390
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>-1 924 781</b>	<b>-6 492 198</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1 324 422</b>	<b>-1 615 751</b>
<b>CASH AND CASH EQUIVALENTS BEGINING OF YEAR</b>	<b>5 904 951</b>	<b>7 520 701</b>
<b>CASH AND CASH EQUIVALENTS END OF YEAR</b>	<b>7 229 373</b>	<b>5 904 951</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1 324 422</b>	<b>-1 615 750</b>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
(EURO)

	CAPITAL	RESERVES	EXCHANGE DIFFERENCE	MINORITY INTERESTS	TOTAL
<b>Balance as at 31 December 2017</b>	<b>1 753 667</b>	<b>7 923 041</b>	<b>2 688 690</b>	<b>-107 483</b>	<b>12 257 915</b>
Exchange difference			-291 866		-291 866
Net profit for the year/period		-1 731 360			-1 731 360
Minority interests				183 879	183 879
<b>Balance as at 31 December 2018</b>	<b>1 753 667</b>	<b>6 191 681</b>	<b>2 396 824</b>	<b>76 396</b>	<b>10 418 568</b>
Exchange difference			170 089		170 089
Net profit for the year/period		-4 481 799			-4 481 799
Minority interests				-76 396	-76 396
<b>Balance as at 31 December 2019</b>	<b>1 753 667</b>	<b>1 709 882</b>	<b>2 566 913</b>	<b>0</b>	<b>6 030 462</b>
Exchange difference			-177 410		-177 410
Net profit for the year/period		-177 281			-177 281
Minority interests					0
<b>Balance as at 31 December 2020</b>	<b>1 753 667</b>	<b>1 532 601</b>	<b>2 389 503</b>	<b>0</b>	<b>5 675 771</b>

# **Toolux Sanding SA**

## **Notes to the Consolidated Financial Statements for the financial year ended December 31, 2020**

### **I. General Information**

The consolidated financial statements of Toolux Sanding SA (“the Company”) and its subsidiaries (collectively referred as “the Group”) are prepared for the twelve months period ended December 31, 2020.

The registered office is located at 3B, boulevard du Prince Henri, L-1724 Luxembourg.

The company was incorporated on 2<sup>th</sup> October 2008 as a Société Anonyme with a fully paid share capital of Euros 350 000.

On 13<sup>th</sup> October 2008, the directors increased, by a contribution in kind, the capital of the Company by 1 000 000 euros to bring it from 350 000 euros to 1 350 000 euros by the issuance of 1 000 000 new shares with a nominal value of 1 euro each.

The contribution in kind was represented by 100 % of the share capital of Giant Dragon Holdings Ltd (Samoa), a company incorporated in Samoa on 17<sup>th</sup> January 2007 with registered number 30466 and located at Level 2, Nia Mall, Vaea Street, Apia, Samoa. The contribution in kind value was based on Giant Dragon Holdings Ltd net asset value as at June 30, 2008.

On December 17, 2008, in connection with the admission of the Company on Alternext Market of Euronext Paris, the board of directors realized an increase of the issued share capital paid up in cash to bring it from 1 350 000 Euros to 1 753 667 Euros (1 753 667 shares of 1 euro each). The total amount of the contribution is five million eighty-two thousand one hundred and sixty seven Euros fifty three cents (EUROS 5 082 167,53) represented by four hundred and three thousand six hundred and sixty seven Euros (403 667) for the capital and four million six hundred and seventy-eight thousand five hundred euro fifty three cents (4 678 500,53 Euros) for the share premium.

On December 2, 2008, the company acquired from Giant Dragon Holdings Ltd, for a consideration of 2 998 000 usd, 100 % of the share capital of Shaoxing Sanding Tools Ltd, a Chinese company with registered office at Industrial Park, Ganlin Town, Shengzhou City, Zhejiang Province, China.

The principal activities of Shaoxing Sanding Tools and of its subsidiary, Zhejiang Sanding Tools are the manufacturing and selling of plastic and metal tools.



## **II. Basis of preparation**

### **Basis of accounting**

The consolidated financial statements for the financial year starting on January 1, 2020 and ended December 31, 2020 were prepared on the basis of reviewed financial statements of the following companies :

- Toolux Sanding SA (the company)
- Shaoxing Sanding Tools Ltd (People's Republic of China subsidiary) ;
- Zhejiang Sanding Tools Ltd (People's Republic of China subsidiary) ;

The consolidated financial statements of the Group, expressed in euros, have been prepared in accordance with International Financial Reporting Standards ("IFRS") under the historical cost convention, except as disclosed in the accounting policies below.

### **Significant accounting estimates and judgments**

The preparation of the consolidated financial statements in conformity with IFRS requires the use of judgments, estimate and assumptions, if any, that affect the reported amounts of assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

### **Foreign Currency Translation**

Items included in the financial statements of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the subsidiaries is Renminbi ("RMB") whereas the consolidated financial statements are presented in euros, which is the Group's presentation currency.

The subsidiaries' transactions in foreign currencies are converted at the market exchange rate published by People's Bank of China on the transaction date. The ending balances of various foreign currency accounts are adjusted per the exchange rate (the medium rate) prevailing at the last month of the period.

The financial statements of the overseas subsidiaries are translated into the Group's presentation currency using the year end rate for the balance sheet items (1 Euro = 7.8205 Rmb as of December 31, 2019, 1 Euro = 8.013 Rmb as of December 31, 2020) and the average rate of exchange for the income statements items (1 Euro = 7.7339 Rmb for the year 2019, 1 Euro = 7,897 Rmb for the year 2020). Exchange differences are dealt with as a movement exchange reserve accounted for in equity.

### III. Summary of significant accounting policies

#### Consolidation

All inter-company balances and significant inter-company transactions and resulting unrealized profits or losses are eliminated on the consolidation and the consolidated financial statements reflect external transactions and balances only.

The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus cost directly attributable to the acquisition. Identifiable assets acquired and liabilities are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

#### Group Structure

All subsidiaries of the group are consolidated following the global integration method and all the reporting dates are the same as the reporting date used for the consolidated financial statements (31 December 2020).

The hold interest of the Company in fully consolidated companies is:

Company	Country	% of interest	% of votes
Shaoxing Sanding Tools Ltd	People's Republic of China	100%	100%
Zhejiang Sanding Tools Ltd	People's Republic of China	100%	100%

#### Cash and cash equivalents

Cash equivalents are investments which are characterized by a short maturity (generally mature within 3 months since the date of purchase), strong liquidity, ready convertibility and low volatility.

#### Trade and other receivable

Trade and other receivable that have fixed determinable payments that are not quoted in an active market are recognized initially at fair value plus any directly attributable transaction cost. Subsequent to initial recognition trade and other receivable are measured at amortized cost using the effective interest method, less any impairment.

The accounts are considered as bad debts by Group's management within its authority.

The loss of bad debts of the Company is accounted with allowance method, in which the allowance is allocated to offset the loss arising from bad debts.

The range for allowance accounting of bad debts includes the accounts receivable and other

receivable.

### **Trade and other payable**

Trade and other payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and service received.

Trade and other payable that have fixed determinable payments that are not quoted in an active market are recognized initially at fair value plus any directly attributable transaction cost. Subsequent to initial recognition trade and other payable are measured at amortized cost using the effective interest method, less any impairment.

### **Inventories**

Inventories are stated at the lower of cost and net realizable value.

Inventories include the finished products or commodities that are reserved for sale during production and operating activities, or the in-process materials that are under production for sale, or the materials that are consumed during production, operating and R&D activities.

Cost is determined using the weighted average method. The cost of finished goods comprises raw materials, direct labor costs, other direct costs and related production overhead expenses but excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

### **Depreciation of property, plant and equipment**

Property, plant and equipment are booked at their initial cost less accumulated depreciation and impairment losses. The initial cost comprises the purchase price and any directly attributable cost of bringing the assets to its working condition and location for its intended use.

Property, plant and equipment are depreciated on a straight-line basis over their estimate useful lives. Management estimates that the useful lives of these property, plant and equipment to be within 5 to 30 years.

The depreciation rate is based on the initial costs and estimated economic useful lives of all fixed assets after being reduced by the estimated residual value of 5%.

The estimated residual value and annual depreciation rates of each fixed asset category are as bellow:

Category	Year of Depreciation	RV (%)	Annual Depreciation Rate (%)
House & buildings	5-20	5	19 - 4,75
Machinery	5-10	5	19 – 9,5
Office facilities	5-10	5	19 – 9,5
Vehicles	5	5	19
Other Equipments	5	5	19

### **Impairment of non financial assets**

The carrying amounts of non-current assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss, if any, is recognized when the carrying amount of the asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are charged in the income statement.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognized for the asset no longer exists or decreases.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined of no impairment loss had been recognized.

A reversal of an impairment loss is credited as income in the income statements.

### **Construction in Progress**

The estimated value of the construction in progress is transferred into the fixed assets per its actual cost upon its reaching readiness for use.

At the period end, if one or more of the following cases occur, the provision for construction-in-progress devaluation will be allocated, based on the difference of the recoverable value of a single item of construction in progress less its book value:

- The construction in progress is suspended for a long time and will not be completed in three years;
- The project is outdated in terms of technique and functions and uncertain in terms of profitability for the Company;
- Other cases of devaluation of the construction in progress with sufficient evidences.

### **Intangible Assets**

The intangible assets refer to the land-use rights, trademark rights, property rights and software related to the production that have been obtained by the Company. The intangible assets are accounted at actual cost when acquired, of which the purchased intangible assets are accounted for based upon the actual payments and the intangible assets invested by the investors are accounted for based upon the values rationally assessed

The intangible assets are amortized in equal installments over their expected useful life. In the event that a certain intangible asset cannot presumably bring future benefit to the Company, all the book value of this intangible asset will be transferred to the administrative expenses of the current period.

At the period end, the anticipated economic benefit that the intangible asset can bring to the Company is measured. Based on the difference of the recoverable value of a single intangible asset less than its book value, a provision for impairment is booked.

### **Related parties**

Related parties are entities in which one or more common direct/indirect/ shareholders and/or directors have the ability to control or exercise significant influence over the other party in financial and operating decision making.

### **Income Recognition Principle**

Revenue from the sales of goods is recognized when significant risks and rewards of ownership of goods are transferred to the buyer.

Revenue excludes value added tax.

No revenue is recognized if there are significant uncertainties regarding recovery of the consideration due, associated costs or possible return of goods.

### **Retirement benefit plan**

The eligible employees of the Group, who are all citizens of the People's Republic of China, are members of a state-managed retirement benefit scheme operated by the local government. The company is required to contribute a certain percentage of their payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the company to respect the retirement scheme is to make the specified contributions.

### **Income taxes**

Current taxation provided at the current taxation rate based on the income for the financial period that is chargeable to tax. Deferred taxation is provided at the current taxation rate on all temporary

differences existing at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax liabilities are recognized for all deductible temporary differences to the extent that it is probable that the future taxable profit will be available against which the deductible temporary differences can be recognized.

The statutory tax rates enacted at the balance sheet date are used to determine deferred income tax.

The subsidiaries' income tax rate is 25 % of the income. In the event that the domestic equipments are purchased for the purpose of technical reconstruction and comply with national requirements on tax exempt, credit and refund, the tax will be exempt at the amount approved by the local taxation agency in the current year.

#### IV. Notes to the Financial Statements

##### (I). Consolidated statement of financial position

###### 1. CASH AND CASH EQUIVALENTS

Financial years ended December, 31th 2020		
	2020	2019
	€	€
Cash on hand	4 154	478
Other monetary fund	1 259 357	11 507
Interest receivable	4 866 335	4 986 119
Cash at banks	<u>1 099 527</u>	<u>906 847</u>
<b>Total</b>	<b>7 229 373</b>	<b>5 904 951</b>

###### 2. TRADE DEBTORS

Financial years ended December, 31th 2020		
	2020	2019
	€	€
Trade debtors	<u>2 336 069</u>	<u>1 307 605</u>
<b>Total</b>	<b>2 336 069</b>	<b>1 307 605</b>

###### 3. OTHER RECEIVABLE

Financial years ended December, 31th 2020		
	2020	2019
	€	€
Loans to corporations (1)	4 112 953	4 574 857
Loans to individuals (2)	<u>2 496 940</u>	<u>2 433 093</u>
<b>Total</b>	<b>6 609 893</b>	<b>7 007 950</b>

(1) One of directors of the Group is a minor shareholder of Shengzhou Shanghui Real Estate.

(2) Loans to individuals, having no contractual maturities and bearing no interest rate, are considered as short-term loans.

(1)	Interest rate	Amount
Shengzhou Shanhu Real Estate	10%	4 866 335

#### 4. ADVANCES TO SUPPLIERS

Financial years ended December, 31th 2020		
	2020	2019
	€	€
Prepayment to suppliers	4 669 967	4 634 812
<b>Total</b>	<b>4 669 967</b>	<b>4 634 812</b>

All advances have a residual maturity of less than one year.

#### 5. INVENTORIES

Financial years ended December, 31th 2020		
	2020	2019
	€	€
Raw Materials	964 458	2 705 734
Finished Products	18 324	18 775
<b>Total</b>	<b>982 781</b>	<b>2 724 509</b>

There is no impairment on the inventories as at December 31, 2019 and 2020.

#### 6. PROPERTY, PLANT AND EQUIPMENT

GROSS BOOK VALUES						
€	Buildings	Machine Equipmt	Office Equipmt	Vehicule	Electronic Equipmt	Total
Total 2019	4 277 354	3 191 865	665 330	1 001 300	61 279	9 197 128
Increase	0	18 209	40 346	7 844	0	66 398
Decrease	0	-5 394	-28 552	0	0	-33 946
Total 31/12/2020 € Théorique	4 277 354	3 204 680	677 124	1 009 144	61 279	9 040 619
Exchange différence	-102 757	-76 864	-16 153	-24 168	-1 472	-221 415
<b>Total 2020</b>	<b>4 174 597</b>	<b>3 127 816</b>	<b>660 970</b>	<b>984 976</b>	<b>59 807</b>	<b>9 008 166</b>

AMORTIZATION						
€	Buildings	Machine Equipmt	Office Equipmt	Vehicule	Electronic Equipmt	Total
Total 2019	2 481 519	1 930 510	550 383	897 360	57 623	5 917 395
Increase	199 579	156 949	20 485	15 568	586	393 167
Decrease	0	-4 855	-8 565	0	0	-13 420
Total 31/12/2020 € Théorique	2 681 098	2 082 604	562 302	912 928	58 209	6 529 258
Exchange différence	-62 492	-48 570	-13 394	-21 782	-1 392	-147 630
<b>Total 2020</b>	<b>2 618 607</b>	<b>2 034 034</b>	<b>548 908</b>	<b>891 146</b>	<b>56 816</b>	<b>6 149 511</b>



## 7. INTANGIBLE ASSETS

Financial year ended December 31th		
€	2020	2019
Land in use right and software	519 152	530 134
Accumulated	182 418	10 485
Exchange difference	-8 335	-172 681
<b>Total</b>	<b>328 399</b>	<b>346 967</b>

The term of the land in use right is 2051.

## 8. BANK BORROWINGS

Financial year ended D�cember 31th				Financial year ended D�cember 31th			
Euros	2020		Rate	Euros	2 019		Rate
	Amount	Maturity			Amount	Maturity	
Bank of China	998 378	26/02/2021	5,2200%	Bank of China	1 022 952	02/03/2020	5,2200%
Bank of China	712 592	28/09/2021	5,0025%	Bank of China	589 476	03/03/2020	5,2200%
Bank of China	735 056	26/08/2021	5,0025%	Bank of China	753 149	04/03/2020	5,2200%
Bank of China	960 938	02/09/2021	5,0025%	Bank of China	984 592	05/03/2020	5,2200%
Bank of China	998 378	23/09/2021	5,0025%	Bank of China	1 022 952	06/03/2020	5,2200%
Bank of Chine	948 459	15/10/2021	5,0025%	Bank of Chine	1 112 461	07/03/2020	5,2200%
Bank of communication	374 392	15/09/2021	5,1330%	Bank of communication	383 607	08/03/2020	5,1330%
Bank of communication	524 148	09/11/2021	5,1330%	Bank of communication	537 050	09/03/2020	5,1330%
Bank of communication	99 838	10/11/2021	5,1330%	Bank of communication	191 804	10/03/2020	5,1330%
Bank of Hua Xia	1 123 175	13/05/2021	6,0000%	Bank of Hua Xia	1 854 101	11/03/2020	6,5000%
Bank of Hua Xia	623 986	14/05/2021	6,0000%				
SPD bank	1 247 972	26/05/2021	5,4810%	SPD bank	1 278 691	13/03/2020	5,4810%
SPD bank	561 587	26/05/2021	5,4810%	SPD bank	575 411	14/03/2020	5,4810%
SPD bank	935 979	06/03/2021	5,4810%	SPD bank	127 869	15/03/2020	5,4810%
0	0	00/01/1900	0,0000%	SPD bank	959 018	16/03/2020	5,4810%
0	0	00/01/1900	0,0000%	Hengfeng	1 662 298	17/03/2020	5,2200%
Shengzhou Ruifeng village bank	611 506	02/09/2021	7,7000%	Shengzhou Ruifeng village bank	626 558	18/03/2020	8,0475%
Others	0			Others	-		
<b>Total</b>	<b>11 456 383</b>			<b>Total</b>	<b>13 681 990</b>		

## 9. NOTES PAYABLE

Financial years ended December, 31th 2020				
Euros	2020		2019	
	Amount	Maturity	Amount	Maturity
Bank of China	1 247 972	06/01/2021	0	-
<b>Total</b>	<b>1 247 972</b>		<b>0</b>	

## 10. TRADE CREDITORS

Financial years ended December, 31th 2020		
Euros	2020	2019
Suppliers payable	3 177 382	1 847 823
<b>Total</b>	<b>3 177 382</b>	<b>1 847 823</b>

#### 11. ADVANCES RECEIVED FROM CUSTOMERS

Financial years ended December, 31th 2020		
€	2020	2019
Advance from customers	<u>271 637</u>	<u>610 406</u>
<b>Total</b>	<b>271 637</b>	<b>610 406</b>

#### 12. TAXES PAYABLES

Financial years ended December, 31th 2020		
€	2020	2019
vat	29 207	51 482
income tax	4 476	9 729
Stamp duty	162	111
Individual income tax	1 824	877
Urban construction tax	4 571	5 656
property tax	8 088	8 287
land in use tax	-51	-52
Wealth tax-Tax payable	4 815	9 631
Real estate tax	<u>12 031</u>	<u>12 327</u>
<b>Total</b>	<b>65 123</b>	<b>98 048</b>

#### 13. OTHER PAYABLE

Financial years ended December, 31th 2020		
€	2020	2019
Other payable	<u>3 150 347</u>	<u>2 928 671</u>
<b>Total</b>	<b>3 150 347</b>	<b>2 928 671</b>

There is no arrears of shareholders holding more than 5% of voting shares in other account payable year end

#### 14. SUBSCRIBED CAPITAL

The company was incorporated on October 2, 2008, as a Société Anonyme with a fully paid capital of 350 000 euros.

On October 12, 2008, the share capital of the company was increased by a contribution in kind of 1 000 000 euros subscribed by Crystal Sky Holding (Samoa).

On December 17, 2008, the board of directors realized an additional capital increase by contribution of 403 667 euros for the capital and 4 678 500 euros for the share premium in connection with the

admission of the Company on Alternext Market of Euronext Paris. As of December 31, 2011, the subscribed share capital of the Company amounts to EUR 1 753 667 represented by 1 753 667 shares with a nominal value of EUR 1 each fully paid up.

On December 31, 2020, the shareholders of the Company are:

Crystal Sky Holding Limited, (Samoa) :	1 319 825 shares
Kunyuan Capital Limited, (British Virgin Islands) :	79 428 shares
Meridian International Co Ltd, (Usa) (1) :	350 734 shares
Other :	3 680shares
Total:	1 753 667 shares

The company has not adopted any share option scheme.

The authorized capital of the company amounts to EUR 14 000 000 as at December 31, 2020.

The company's board of directors is authorized until October 2<sup>nd</sup>, 2014, to increase the subscribed capital of the company within the limits of the authorized capital.

## (II) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

### 1. SALES OF MAIN OPERATIONS

All the sales are contracted in RENMIMBI with Chinese distributors which export through to final customers. The products sold by the Company mainly consist of injected or extruded handle screwdrivers.

€ Financial years ended December, 31th 2020	
Domestic Sales	<u>14 502 616</u>
<b>Total</b>	<b>14 502 616</b>

### 2. MAIN OPERATING COSTS

€ December 31th, 2020	
Raw materials	11 892 797
<b>Total</b>	<b>11 892 797</b>

### 3. INCOME FROM OTHER OPERATIONS

€ December, 31th 2020	
Electricity bill	50 289
Rent	35 821
Mold Sales	98 596
Sample sales	<u>329</u>
<b>Total</b>	<b>185 034</b>

### 4. SELLING EXPENSES

€ December, 31th 2020	
Freight	127 946
Exhibition fee	17 092
Packing Expenditure	11 431
Express fee	3 399
Wages	106 876
Other	<u>1 075</u>
<b>Total</b>	<b>267 819</b>

## 5. GENERAL & ADMINISTRATIVE EXPENSES

€	December, 31th 2020
Depreciation	237 590
Salary	427 152
House accumulation fund	12 724
Expenses on bussiness entertainment	80 110
Social Sécurité cost	80 161
Tax	3 778
Audit and consulting fees	25 700
Bad debt provision	433
R & D Cost	496 773
Repair cost	17 707
Office allowance	19 203
Labor wages	137 668
Consulting fee assets	19 070
Other	317 171
<b>Total</b>	<b>1 875 242</b>

## 6. FINANCIAL EXPENSES

€	December, 31th 2020
Interest expenses	797 125
Procedures fees	1 218
Interest income	-1 526
Exchange gains and losses	-22
Foreign exchange loss	2 141
<b>Total</b>	<b>798 936</b>

## 7. NON-OPERATING INCOME

€	December, 31th 2020
Disposal of fixed assets	3 093
Compensate	24 375
Others	1 556
<b>Total</b>	<b>29 024</b>

## 8. NON-OPERATING EXPENSES

€	December, 31th 2020
Fixed assets liquidation	0
Penalties	145
overdue payment	44
Fine expenditures	627
<b>Total</b>	<b>815</b>

## 9. INCOME TAX

The tax burden is equal to the sum of current taxes and deferred taxes. Deferred taxes are calculated according to the expiration periods for tax liabilities set by local legislation and the availability of deferrable losses in view of a favorable outlook for the companies in question so as to be able to offset deferred and related taxes. The income tax rate level in China is 25 % of benefit.

## III. EMPLOYEES

	2020	2019
Administration staff	51	56
Production staff	157	129
Recherche et développement	21	21
Service staff	0	25
Selling staff	8	8
<b>Total</b>	<b>237</b>	<b>239</b>

## IV. MORTGAGE AGREEMENTS & GUARANTEES GIVEN

Pledged Assets	Area	Amount (€)	Mortgagee
House Propety (Shaoxing sanding)	1090,31 M²	1 247 972	SPD Bank
House Propety (zhejiang sanding)	1057,43 M²	1 123 175	Bank of Hua Xia
House Propety (zhejiang sanding)	31330,98 M²	4 742 294	Bank of China
House Propety (zhejiang sanding)	147,58 M²	374 392	Bank of communication
House Propety (zhejiang sanding)	105,7 M²	99 838	
House Propety (zhejiang sanding)	253,35M²	524 148	
<b>TOTAL</b>		<b>8 111 818</b>	

Pledged Assets	Amount (€)	Beneficiary	Mortgagee
Shaoxing sanding	1 497 566,45	Shengzhou Yuying Profil étiré à froid en métal Co., Ltd.	SPD Bank
Shaoxing sanding	611 506,30	Shengzhou Qiandai Necktie Weaving Co., Ltd.	Bank of Ruifeng
Zhejiang sanding	686 384,62	Shengzhou Qiandai Necktie Weaving Co., Ltd.	Bank of Huaxia
Zhejiang sanding	623 986,02	Shengzhou Qiandai Necktie Weaving Co., Ltd.	Bank of China
<b>Total</b>	<b>3 419 443,40</b>		

## V. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The management meets periodically to analyze and formulate measures to manage the group's exposure to market risk, including principally changes in interest rates and market prices. Generally, the company employs a conservative strategy regarding its risk management: The Company has not used any derivative or other instruments for hedging purposes. The company does not hold or issue derivative financial instruments for trading purposes.

As at December 31, 2020, the company's financial instruments mainly consist of cash equivalents, receivables and payables.

## **VI. POST BALANCE SHEET EVENTS**

After the balance sheet date, there were no significant events that would have an impact on the present consolidated financial statements or be worth mentioning in the notes attached to the present consolidated financial statements.