

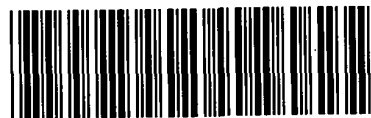
COMPANY REGISTRATION NUMBER: 08622821

AOTO ELECTRONICS (UK) LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2017

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AOTO ELECTRONICS (UK) LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

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AOTO ELECTRONICS (UK) LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

Company registration no.

08622821

The board of directors

Yi Shen
Hanqu Wu

Registered office

Sovereign Court
230 Upper Fifth Street
Central Milton Keynes
Buckinghamshire
United Kingdom
MK9 2HR

Auditor

Keens Shay Keens MK LLP
Chartered Accountants & Statutory Auditor
Sovereign Court
230 Upper Fifth Street
Central Milton Keynes
MK9 2HR

AOTO ELECTRONICS (UK) LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2017

The directors present their report and the financial statements of the company for the year ended 31 December 2017.

Directors

The directors who served the company during the year were as follows:

Yi Shen
Hanqu Wu

Directors' responsibilities statement

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and applicable law.

International Accounting Standard 1 requires that financial statements present fairly for each financial period the company's financial position, financial performance and cash flows. This requires faithful representation of the effect of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out on the International Accounting Standards Board's 'Framework for the Preparation and Presentation of Financial Statements'. In virtually all situations, a fair presentation will be achieved by complying with all applicable IFRSs. In preparing these financial statements, the directors are also required to:

- select suitable accounting policies and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company's financial position and financial performance; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AOTO ELECTRONICS (UK) LIMITED

DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2017

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Small company provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

This report was approved by the board of directors on 28/02/2018..... and signed on behalf of the board by:



Yi Shen
Director

AOTO ELECTRONICS (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AOTO ELECTRONICS (UK) LIMITED

YEAR ENDED 31 DECEMBER 2017

Opinion

We have audited the financial statements of Aoto Electronics (UK) Limited for the period ended 31 December 2017 which comprise the Income Statement, Statement of Changes in Equity, Statement of Financial Position, Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's shareholders, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

AOTO ELECTRONICS (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AOTO ELECTRONICS (UK) LIMITED (continued)

YEAR ENDED 31 DECEMBER 2017

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

AOTO ELECTRONICS (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AOTO ELECTRONICS (UK) LIMITED (continued)

YEAR ENDED 31 DECEMBER 2017

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

AOTO ELECTRONICS (UK) LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
AOTO ELECTRONICS (UK) LIMITED *(continued)***

YEAR ENDED 31 DECEMBER 2017

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



ELIZABETH NEWELL BA (HONS) FCA (Senior Statutory Auditor)

For and on behalf of
Keens Shay Keens MK LLP
Chartered Accountants & Statutory Auditor
Sovereign Court
230 Upper Fifth Street
Central Milton Keynes
MK9 2HR

2 MARCH 2018

AOTO ELECTRONICS (UK) LIMITED**STATEMENT OF INCOME AND RETAINED EARNINGS****YEAR ENDED 31 DECEMBER 2017**

	Note	2017 £	2016 £
TURNOVER		180,117	38,800
Cost of sales		<u>(116,190)</u>	<u>—</u>
GROSS PROFIT		63,927	38,800
Administrative expenses		<u>(171,854)</u>	<u>(50,483)</u>
OPERATING LOSS		(107,927)	(11,683)
LOSS BEFORE TAXATION	4	<u>(107,927)</u>	<u>(11,683)</u>
Tax on loss		<u>—</u>	<u>—</u>
LOSS FOR THE FINANCIAL YEAR AND TOTAL COMPREHENSIVE INCOME		(107,927)	(11,683)
RETAINED LOSSES AT THE START OF THE YEAR		<u>(77,796)</u>	<u>(66,113)</u>
RETAINED LOSSES AT THE END OF THE YEAR		<u>(185,723)</u>	<u>(77,796)</u>

All the activities of the company are from continuing operations.

AOTO ELECTRONICS (UK) LIMITED**STATEMENT OF CHANGES IN EQUITY****YEAR ENDED 31 DECEMBER 2017**

	Issued capital £	Retained earnings £	Total equity £
Balance at 1 January 2016	200,000	(66,163)	133,887
Loss for the period	-	(11,683)	(11,683)
Balance at 31 December 2016	200,000	(77,796)	122,204
Loss for the period	-	(107,927)	(107,927)
Balance at 31 December 2017	<u>200,000</u>	<u>(185,723)</u>	<u>14,277</u>

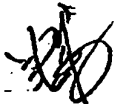
AOTO ELECTRONICS (UK) LIMITED

STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2017

	Note	2017 £	2016 £
FIXED ASSETS			
Tangible assets	8	11,942	358
CURRENT ASSETS			
Trade and other receivables	9	77,412	117,619
Cash at bank and in hand		226,569	10,368
		<u>303,981</u>	<u>127,987</u>
CREDITORS: amounts falling due within one year	10	<u>301,646</u>	<u>6,141</u>
NET CURRENT ASSETS		<u>2,335</u>	<u>121,846</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>14,277</u>	<u>122,204</u>
NET ASSETS		<u>14,277</u>	<u>122,204</u>
CAPITAL AND RESERVES			
Called up share capital	11	200,000	200,000
Profit and loss account		(185,723)	(77,796)
SHAREHOLDERS FUNDS		<u>14,277</u>	<u>122,204</u>

These financial statements were approved by the board of directors and authorised for issue on 28/12/2018 and are signed on behalf of the board by:



Yi Shen
Director

Company registration number: 08622821

AOTO ELECTRONICS (UK) LIMITED**STATEMENT OF CASH FLOWS****YEAR ENDED 31 DECEMBER 2017**

	2017 £	2016 £
CASH FLOWS FROM OPERATING ACTIVITIES		
Total operating Loss	(107,927)	(11,683)
Depreciation charges	1,211	100
Decrease in trade and other receivables	40,207	19,803
Increase in trade and other payables	295,505	(3,248)
NET CASH FROM OPERATING ACTIVITIES	228,996	4,972
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible assets	(12,795)	-
NET CASH FLOWS FROM INVESTING ACTIVITIES	(12,795)	-
Net increase in cash and cash equivalents	216,201	4,972
Cash and cash equivalents at beginning of year	10,368	5,396
CASH AND CASH EQUIVALENTS AT END OF YEAR	226,569	10,368

The notes on pages 12 to 18 form part of these financial statements.

AOTO ELECTRONICS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

1. GENERAL INFORMATION

The company is a private company limited by shares, registered in United Kingdom. The address of the registered office is Sovereign Court, 230 Upper Fifth Street, Central Milton Keynes, Buckinghamshire, MK9 2HR, United Kingdom.

2. AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH IFRS'S

The company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and as applied in accordance with the provisions of the companies act 2006. The principal accounting policies adopted by the company are set out in note 3.

3. ACCOUNTING POLICIES

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of the goods); the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Going concern

The financial statements have been prepared on a going concern basis, on the assumption that the parent company will continue to support the company.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

AOTO ELECTRONICS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2017

3. ACCOUNTING POLICIES *(continued)*

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Equipment - 20% Straight Line

Financial instruments

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

Borrowing Costs

All borrowing costs are recognised in the profit or loss in the period in which they are incurred.

Foreign currency

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in the foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit or loss account.

AOTO ELECTRONICS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2017

4. OPERATING LOSS

Operating loss is stated after charging/(crediting) the following:

	2017 £	2016 £
Included in administrative expenses:		
Employee benefits expense	104,636	20,980
Depreciation of owned fixed assets	1,211	100
Auditor's fees	3,400	3,200
	<u> </u>	<u> </u>

5. EMPLOYEE EXPENSES

The average number of persons employed by the company during the year, including the directors, amounted to:

	2017 No.	2016 No.
Administrative staff	<u>4</u>	<u>3</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2017 £	2016 £
Wages and salaries	104,636	20,980
Social security costs	5,030	472
Other pension costs	155	—
	<u>109,821</u>	<u>21,452</u>

6. FINANCE COSTS

	2017 £	2016 £
Bank charges	314	231
	<u>314</u>	<u>231</u>

AOTO ELECTRONICS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2017

7. INCOME TAX - OUTSTANDING

Components of income tax expense

	2017 £	2016 £
Current income tax expense		
Current income tax charge	-	-
	<u>-</u>	<u>-</u>

8. TANGIBLE ASSETS

	Equipment £	Total £
Cost		
At 1 January 2017	559	559
Additions	12,795	12,795
At 31 December 2017	<u>13,354</u>	<u>13,354</u>
Depreciation		
At 1 January 2017	201	201
Charge for the year	1,211	1,211
At 31 December 2017	<u>1,412</u>	<u>1,412</u>
Carrying amount		
At 31 December 2017	<u>11,942</u>	<u>11,942</u>
At 31 December 2016	<u>358</u>	<u>358</u>

9. TRADE AND OTHER RECEIVABLES

	2017 £	2016 £
Amounts owed by group undertakings	36,000	106,815
Other debtors	41,412	10,804
	<u>77,412</u>	<u>117,619</u>

AOTO ELECTRONICS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2017

10. TRADE AND OTHER PAYABLES

	2017 £	2016 £
Trade creditors	-	117
Amounts owed to group undertakings	292,508	-
Social security and other taxes	1,457	1,081
Other creditors	7,681	4,943
	<u>301,646</u>	<u>6,141</u>

11. CALLED UP SHARE CAPITAL

Issued, called up and fully paid

	2017		2016	
	No.	£	No.	£
Ordinary shares of £1 each	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>

12. FINANCIAL INSTRUMENTS

	Carrying amount 2017 £	Fair value 2017 £
Financial assets		
Cash and cash equivalents	226,569	226,569
Trade and other receivables	<u>77,412</u>	<u>77,412</u>
Financial liabilities		
Trade and other payables	<u>(301,646)</u>	<u>(301,646)</u>

13. OPERATING LEASES

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2017 £	2016 £
Land and buildings		
Not later than 1 year	32,061	8,011
Later than 1 year and not later than 5 years	<u>118,449</u>	<u>-</u>
	<u>150,510</u>	<u>8,011</u>

AOTO ELECTRONICS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2017

14. RELATED PARTY TRANSACTIONS

The financial statements include related party transactions with the following related parties:

Name	Country of Incorporation	Relationship		Transactions	Balance
Shenzhen Aoto Electronics Co Ltd	China	Ultimate Parent Company	Purchases Sales	£(127,565) £36,000	£(91,565)
Aoto Electronics Hong Kong	Hong Kong	Immediate Parent Company	Loan Repayments	£(232,958)	£(164,943)

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Credit risk

The company trades only with recognised, credit worthy customers. All customers who wish to trade on credit are subject to credit verification checks. Customer balances are checked regularly to ensure that the risk of exposure to bad debts is minimised.

Liquidity risk

The company has given responsibility of liquidity risk management to the board who have formulated liquidity management tools to service this requirement.

Management of liquidity risk is achieved by monitoring budgets and forecasts and actual cash flows.

Market risk

The company's main exposure to risk is through foreign currency exchange rates and interest rates. The company manages the risk through an ongoing system of monitoring.

AOTO ELECTRONICS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2017

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Capital management

	2017 £	2016 £
Less: Cash and short-term deposits	<u>(226,569)</u>	<u>(10,368)</u>
Net funds	<u>(226,569)</u>	<u>(10,368)</u>
Equity	<u>(14,277)</u>	<u>(122,204)</u>
Total capital	<u>(14,277)</u>	<u>(122,204)</u>
Capital and net funds	<u>(240,846)</u>	<u>(132,572)</u>

16. POST-REPORTING DATE EVENTS

No adjusting or significant non-adjusting events have occurred between the 31 December 2017 and the date of authorisation of the financial statements.