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Signed by Guangdong Southtianyuan Certified Public Accountants  
(general partnership)

Reporting reference number: Southtianyuan Shen Zi (2019) No.067

Client: Havells Guangzhou International Limited

Firm name: Guangdong Southtianyuan Certified Public Accountants  
(general partnership)

Report type: Annual audit report (unqualified opinion)

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Signing CPA: Wang Enping

Liao Xipeng

## **Havells Guangzhou International Limited**

### **Audit Report for 2018**

Firm name: Guangdong Southtianyuan Certified Public Accountants (general partnership)

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## Audit Report

Southtianyuan Shen Zi (2019) No.067

**To the Shareholders of Havells Guangzhou International Limited:**

### 1. Audit Opinion

We have audited the attached financial statements of Havells Guangzhou International Limited (hereinafter referred to as the "Company"); including the balance sheet as of December 31, 2018, the income statement, the cash flow statement and the explanatory notes to financial statements of 2018.

In our opinion, the financial statements have been prepared by the Company in accordance with the Accounting Standards for Small Enterprises in all major aspects, which fairly reflect the Company's financial conditions as of December 31, 2018, as well as its operating results and cash flow of 2018.

### 2. Form the Basis of Audit Opinions

We conducted our audit work in accordance with the Standards on Auditing for Certified Public Accountants. The "responsibility of certified public accountants for auditing financial statements" section of the audit report further elaborates our responsibilities under these standards. In accordance with the Code of Ethics for Chinese Certified Public Accountants, we are independent of your company and fulfill other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for the publication of audit opinions.

### 3. Management and Governance layer's Responsibility for the Financial Statements

The Company's management is responsible for the preparation and fair presentation of financial statements, make it fair to reflect, and designing, implementing and maintaining necessary internal control, in order to avoid any material misstatement in these financial statements due to fraud or error.



In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing matters related to continuing operations, and applying the assumption of going concern unless there is no plan to liquidate, terminate operations or have no other realistic options.

The governance layer is responsible for overseeing the company's financial reporting process.

#### **4. Auditor's Responsibility for Auditing Financial Statements**

Our goal is to obtain reasonable assurance whether the financial statements are free from any material misstatement due to fraud or error, and to issue an audit report containing audit opinions. Reasonable assurance is a high level of assurance, but there is no guarantee that audits performed in accordance with auditing standards will always be found in the presence of a material misstatement. A misstatement may be due to fraud or error, and is generally considered significant if it is reasonably expected that the misstatement, individual or aggregate, may affect the economic decisions made by the financial statements users based on the financial statements.

We exercise professional judgment and maintain professional skepticism as we conduct our audit in accordance with audit standards. At the same time, we also perform the following work:

(1) Identify and assess material misstatement risks in financial statements due to fraud or error, design and implement audit procedures to address these risks, and obtain sufficient and appropriate audit evidence as the basis for the issuance of audit opinions. Since fraud may involve collusion, forgery, intentional omission, misrepresentation or overriding internal control, the risk of material misstatement due to fraud is not higher than the risk of not discovering a material misstatement due to an error.

(2) Understand the internal controls relevant to the audit in order to design appropriate audit procedures, but not for the purpose of commenting on the effectiveness of the internal controls.

(3) Evaluate the appropriateness of accounting policies selected by the management and make accounting estimates and the reasonableness of related disclosures.

(4) Draw conclusions about the appropriateness of management's use of the going concern assumption. At the same time, based on the audit evidence obtained, we can draw a conclusion on whether there are significant uncertainties in the matters or situations that may cause significant doubts about your company's ability to continue as a going concern. If we conclude that there is significant uncertainty, the auditing standards require us to draw the attention of statement users to relevant disclosures in financial statements in our audit reports, and a non-unqualified opinion should be published if the disclosure is not sufficient. Our conclusions are based on information available as of the audit report date. However, future events or circumstances may render your company unsustainable.

(5) Evaluate the overall presentation, structure and content of the financial statements (including disclosures) and evaluate whether the financial statements fairly reflect the relevant transactions and events.

We communicate with governance layer on planned audit coverage, timeline, and major audit findings, including the internal control deficiencies that we identified during the audit that are of concern.

Guangdong Southtianyuan Certified Public Accountants  
(general partnership)



Chinese CPA:



Chinese CPA:



CHINA · GUANGZHOU

Mar 12<sup>th</sup> 2019



## Balance Sheet

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31 Dec 2018

Entity: Havells Guangzhou International Limited

Unit: RMB

Items	Line No.	Balance at the end of the year	Balance at the start of the year	Items	Line No.	Balance at the end of the year	Balance at the start of the year
Current Assets:				Current liability:			
Bank and Cash	1	1,600,403.74	682,119.49	Short-term loans	31		
Current Investment	2			Notes payable	32		
Notes receivable	3			Accounts payable	33		
Account receivable	4	734,835.89		Advance from customers	34	19,569.04	344,025.63
Prepayment	5	25,233.00		Meet the employees pay	35	235,772.15	142,973.16
Dividend receivable	6			Taxes and fees due	36	256,625.14	66,197.47
Interest receivable	7			Interest payable	37		
Other receivable	8	180,227.97	388,198.72	Profit payable	38		
Inventory:	9			Other payable	39	129,628.26	118,857.71
of which: raw materials	10			Other current liability	40		
goods in process	11						
finished goods	12						
revolving materials	13						
Other current assets	14	328,896.09					
<b>Total current assets</b>	<b>15</b>	<b>2,869,596.69</b>	<b>1,070,318.21</b>	<b>Total current liability</b>	<b>41</b>	<b>641,594.59</b>	<b>672,053.97</b>
Non-current assets:				Non-current liability:			
long-term bond investments	16			Long-term loans	42		
long-term equity investments	17			Long-term payable	43		
Fixed assets-cost	18	223,549.87	162,025.68	Deferred income	44		
Less: Accumulated depreciation cost	19	49,707.86	8,826.08	Other non-current liabilities	45		
Fixed assets book value	20	173,842.01	153,199.60				
Long-term contract	21			<b>Total non-current liabilities</b>	<b>46</b>	<b>-</b>	<b>-</b>
Materials held for construction of fixed assets	22			<b>Total liability</b>	<b>47</b>	<b>641,594.59</b>	<b>672,053.97</b>
Disposal of fixed assets	23			Owners' Equity			
Production of biological assets	24			Paid in capital	48	477,666.00	477,666.00
Intangible assets	25			Capital surplus	49		
Development expenditure	26			Surplus reserve	50		
Long-term deferred expense	27	101,690.55	76,854.43	Retained profits after appropriation	51	2,025,868.66	150,652.27
Other non-current assets	28						
<b>Total non-current assets</b>	<b>29</b>	<b>275,532.56</b>	<b>230,054.03</b>	<b>Total Equity</b>	<b>52</b>	<b>2,503,534.66</b>	<b>628,318.27</b>
<b>Total assets</b>	<b>30</b>	<b>3,145,129.25</b>	<b>1,300,372.24</b>	<b>Total Liability &amp; Equity</b>	<b>53</b>	<b>3,145,129.25</b>	<b>1,300,372.24</b>

Legal Representative:

Responsible Person in Charge of Accounting Work:

Principal of Accounting Mechanism:

## Income Statement

会小企02表

2018

Entity: Havells Guangzhou International Limited

Unit: RMB

Items	Line No.	The current year	Last fiscal year
<b>Revenue</b>	1	14,008,881.17	4,064,465.70
Of which: Main Operating Income	2	14,008,881.17	4,064,465.70
Other Operating Income	3		
Less: Cost of Sales	4	3,795,685.24	-
Of which : Cost of Main Operation	5	3,795,685.24	
Cost of Other Operation	6		
Sales Tax	7	12,882.00	330.40
Of which: Consumption Tax	8		
Business Tax	9		
City maintenance and construction Tax	10	6,706.76	
Resources Tax	11		
Land appreciation tax	12		
Urban and town land usage tax, Estate tax, Vehicle and vessel tax, Stamp tax	13	1,384.70	330.40
Education Surtax, Mineral resources compensation fees, sewage charges	14	4,790.54	
<b>Selling &amp; Distribution expense</b>	15	5,013,177.09	1,877,232.66
Of which: Maintenance of commodity	16		
Advertisement and propaganda expenses	17		
<b>G&amp;A expense</b>	18	2,683,603.65	1,978,684.22
Of which: Organization costs	19		
Business entertainment expenses	20	22,369.87	7,369.00
Research expenditure	21		
<b>Finance expense</b>	22	-22,792.66	39,839.35
Of which : Interest expenses (profit list as "-")	23	-2,067.50	-836.30
Add: Investment income ( loss list as "-")	24		
<b>Profit from operation ( Loss list "-")</b>	25	2,526,325.85	168,379.07
Add: Non-operating income	26		
Including: Public subsidy	27		
Less: Non-operating expense	28	21,977.71	987.66
Including: Bad debt loss	29	21,035.17	
Uncollectible long-term bond investment loss	30		
Uncollectible long-term equity investment loss	31		
Losses from natural disaster	32		
Tax overdue fine	33		
<b>Profit before Tax</b>	34	2,504,348.14	167,391.41
Less: Income tax	35	629,131.75	16,739.14
<b>Net profit</b>	36	1,875,216.39	150,652.27
Add: Undistributed profit at the start of year	37	150,652.27	
Other transfer-in	38		
<b>Distributive profit</b>	39	2,025,868.66	150,652.27
Less: Extract for statutory surplus reserve	40		
Extract of discretionary surplus reserve	41		
Staff bonus and welfare fund*	42		
Extract for reserve fund*	43		
Enterprise expansion fund*	44		
Return investment by profit**	45		
<b>Distributive profit for investors</b>	46	2,025,868.66	150,652.27
Less: Dividends payable	47		
<b>Retained earnings</b>	48	2,025,868.66	150,652.27

\* The three items of employee bonus and welfare funds, withdrawal of reserve funds, and withdrawal of enterprise development funds are applicable only by small enterprises (foreign investment) in accordance with relevant laws and regulations

\*\*The project of returning profits to investment is only applicable to small-sized enterprises (Chinese-foreign cooperative ventures) that return investment to investors during cooperation according to the provisions of the contract.

Legal Representative:

Responsible Person in Charge of Accounting Work:

Principal of Accounting Mechanism:



## Cash Flow Statement

会小企03表

2018

Entity: Havells Guangzhou International Limited

Unit:RMB

Items	Line No.	The current year	Last fiscal year	Items	Line No.	The current year	Last fiscal year
<b>I. Cash Flow from Operating Activities</b>				<b>Convert net profit to cash flow from operating activities</b>			
Cash from selling commodities or offering labor	1	12,949,588.69	4,408,491.33	Net profit	1	1,875,216.39	150,652.27
Other cash received related to operating activities	2	2,067.50	836.30	Add: Depreciation for fixed assets, productive assets	2	41,922.30	8,826.08
Cash paid for commodities or labor	3	3,820,918.24		Amortization of intangible assets	3	-	
Cash paid to employees	4	5,160,585.14	2,774,147.08	Amortization of long-term deferred expenses	4	343,540.03	41,666.72
Taxes and fees paid	5	1,180,138.72	245,774.59	Loss of disposing fixed assets, intangible assets and other long	5	942.54	
Other cash paid related to operating activities	6	1,806,280.84	987,689.44	Scrap loss of fixed assets	6		
<b>Cash flow generated from operating activities Net Amount</b>	7	983,733.25	401,716.52	Financial expenses	7	-22,792.66	39,839.35
<b>II. Cash Flow from Investing Activities</b>				Investment losses(less: profit)	8		
Cash from temporary investments, long-term bond investments and long-term equity investments	8			Decrease of inventory(Less: increase)	9		
Cash from investment income	9			Decrease of operation receivables (Less: increase)	10	-552,098.14	-511,321.87
Net cash from disposing fixed assets, intangible assets and other long-term assets	10			Increase of operation payables (Less: decrease)	11	-30,459.38	672,053.97
Cash paid for temporary investments, long-term bond investments and long-term equity investments	11			Others	12	-672,537.83	
Cash paid for buying fixed assets, intangible assets and other long-term assets	12	65,449.00	162,025.68	<b>Net Cash from Operating Activities</b>	13	983,733.25	401,716.52
<b>Cash flow generated from investing activities Net Amount</b>	13	-65,449.00	-162,025.68				
<b>III. Cash Flow from Financing Activities</b>							
Borrowings	14						
Cash received from accepting investments	15		477,666.00				
Cash paid for debt	16						
Cash paid for interest	17						
Cash paid for distribute profit	18						
<b>Cash flow generated from financing activities Net Amount</b>	19	-	477,666.00				
<b>IV. Effect of Changes of the Exchange Rate on cash and Equivalents</b>							
<b>V. Net Increase of Cash</b>	20	918,284.25	-35,237.35				
<b>Add: Cash beginning balance</b>	21	682,119.49	682,119.49				
<b>VI. Cash ending balance</b>	22	1,600,403.74	682,119.49				

Legal Representative:

Responsible Person in Charge of Accounting Work:

Principal of Accounting Mechanism:





# Havells Guangzhou International Limited

## Notes to Financial Statements

### for the Year 2018

Unit: RMB

#### Article 1 Introduction to the company

Havells Guangzhou International Limited (hereinafter referred to as the “Company”) was registered and obtained its Business License on October 17, 2016, with the approval of Guangzhou Administration for Industry and Commerce of Tianhe district. The registration number is: 91440101MA59FBUR8B; the registered capital is: RMB Five Hundred Thousand only (¥500,000.00); the paid-up capital is: RMB Four Hundred and Seventy-seven Thousand and Six Hundred and Sixty-six only (¥477,666.00); the legal representative is: MAHENDER SINGH BAGRI; office address: Room 905, No.1168 East Xingang Road, Haizhu District, Guangzhou City. The business scope includes: Lamps, decorative items; wholesale; wholesale of household appliances; import and export of commodity (exclude commodity specialize under government control); commission agency; Product information consulting service; (Projects subject to approval according to law, business activities can be carried out after approval by relevant departments).

#### Article 2 Preparation basis for the financial statements

The Company’s preparation of financial statements is based on the going-concern assumption, according to the actual transactions and affairs, pursuant to the *Accounting Standards for Small Enterprises* (Cai Kuai [2011] No.17) issued by the Ministry of Finance on October 18, 2011 and based on the following significant accounting policies and accounting estimates.

#### Article 3 Declaration about compliance with the Accounting Standards for Small Enterprises

The financial statements prepared by the Company comply with the requirements of the Accounting Standards for Small Enterprises, which reflect the financial status, operating results, cash flow and other information of the Company truly and completely.

#### Article 4 Explanation on the principal accounting policies and accounting Estimates

##### 1. Accounting system

The Company adopts the *Accounting Standards for Small Enterprises* and the attached accounting subjects.

##### 2. Accounting year

The accounting year of the Company is from January 1 to December 31 of each calendar year.



### **3. Bookkeeping currency**

The Company uses RMB as bookkeeping currency.

### **4. Bookkeeping basis and pricing principle**

The Company adopts the accrual method as bookkeeping basis and adopts the historical costing system as pricing principle.

### **5. Confirmation standard for cash & cash equivalent**

The cash reflected in the cash flow statement of the Company is the cash on hand and the deposit which can be used for payment at any time.

### **6. Accounting method and translation method of foreign currency transaction**

#### **1) Translation method of foreign currency transaction**

In the initial recognition of the foreign currency transaction of the Company, the amount of foreign currency will be converted into RMB based on the spot exchange rate of the transaction date; upon the receipt of foreign currency capital from investors, the capital amount will be converted into RMB based on the spot exchange rate of the transaction date.

#### **2) Treatment of foreign currency monetary item and foreign currency non-monetary item in balance sheet date**

Regarding to the foreign currency monetary item, it will be converted into RMB based on the spot exchange rate of balance sheet date. The exchange balance incurred due to the difference between the spot exchange rate of the balance sheet date and that of the initial recognition date or the prior balance sheet date will be recorded in the current profit and loss.

Regarding to the foreign currency non-monetary item which is priced as historical costing, it will be converted into RMB based on the spot exchange rate of transaction date without changing the amount of bookkeeping currency.

#### **3) Translation method of foreign currency financial statement**

The Company converts all the items contained in the foreign currency balance sheet, income statement and cash flow statement by adopting the spot exchange rate of balance sheet date.

### **7. Receivables and bad debt losses**

The Company's recognition standards for bad debt losses are as follows: the debtor is declared bankruptcy, close or dissolution by laws or the debtor's business license is canceled or revoked by laws, while his liquidation property is insufficient for the settlement of debts; the debtor is dead or declared missing or dead by laws, while his property or heritage is insufficient for the settlement of debts; the debtor fails to pay off his debts for more than three overdue years, and there is unquestionable evidence to prove that he is unable to recover the debt; after a debt reorganization agreement between the Company and the debtor is reached or after the court approves the bankruptcy restructuring plan, it is impossible to demand payment of the debt; it is impossible to recover the debt due to force majeure, such as natural disaster and war; other conditions specified by the competent department for finance or taxation of the State Council.





The bad debt losses of receivables shall be recorded in non-business expenditure and charged against the receivables when they are actually incurred.

## 8. Inventories

The Company's inventories include raw materials, commodity stocks and so on. The acquired inventories are recorded at actual cost, and the issued inventories are priced in weighted average method. The inventory system of the Company is perpetual inventory system.

## 9. Fixed assets

The fixed assets of the Company refer to the tangible assets which are related to production, labor service, rental or operating management with a useful life over one year. The fixed assets are recorded generally at actual cost on acquisition. The depreciation of fixed assets is calculated in straight-line method, and the depreciation rate is based on the balance by subtracting the net salvage from the original value and the expected useful life of each class of fixed assets. The classified depreciation rate is as follows:

Fix asset class	Expected net salvage rate (%)	Expected useful life (year)	Annual depreciation rate (%)
Office equipment & others	5.00	5	19.00

## 10. Long-term deferred expense

The company's long-term deferred expenses refer to the expenses that the company has incurred but should be shared by the current and future periods with amortization period of more than one year (excluding one year). Long-term deferred expenses are recorded at actual expenditure, and are amortized over the period of amortization using the straight-line method, which is included in the cost of related assets or management expense.

## 11. Revenue recognition principle

### 1) Recognition method of sales revenue

In general, the Company will recognize the sales revenue after it transfers the goods and receives the payment for goods or the proceeds right. In addition, the Company will recognize the amount of sales revenue according to the contract or agreement price received or receivable from purchasers.

### 2) Recognition method of revenue from providing labor service

The Company will recognize the realization of labor service income under completion percentage method as the result of labor service transaction can be estimated in a reliable way on the balance sheet date. The Company will recognize the realization of labor service income as the labor service income can be confirmed in a reliable way; relevant costs can be measured reliably; or revenue amount can be calculated reliably.

### 3) Recognition method of revenue from assignment of right to use assets

The Company will recognize the realization of royalty revenue from assignment of right to use assets when the related economic benefits can come into its business and the revenue amount can be calculated reliably.



**12. Income tax**

The income tax of the Company is prepaid quarterly and paid off during annual final settlement. In annual final settlement, the underpaid income tax amount will be paid off within the next year; the overpaid income tax amount will be deducted for income tax within the next year.

**Article 5 Major taxes:**

Categories of taxes	Tax rate	Tax base
Value-added tax	17%, 6%	Sales revenue
Urban construction and maintenance tax	7%	Paid turnover tax
Education surcharge	3%	Paid turnover tax
Local education surcharge	2%	Paid turnover tax
Enterprise income tax	25%	Taxable income

**Article 6 Explanation on changes in accounting policies and accounting estimates and accounting error correction**

There is no change in accounting policies and accounting estimates or accounting error correction of the Company in the current year.

**Article 7 Notes to relevant data in financial statements (the following monetary unit is RMB, unless otherwise specified)****1. Monetary capital**

Items	Balance at ending of the year	Balance at beginning of the year
Cash	86.28	2786.00
Bank deposit	1,600,317.46	679,333.49
Total	1,600,403.74	682,119.49

**2. Accounts receivable**

## 1) Balance at ending of the year

Account age	Balance at ending of the year		Balance at beginning of the year	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	734,835.89	100.00	0	
Total	734,835.89	100.00	0	

## 2) Details of accounts receivable

Customer name	Amount	Percentage (%)
Havells India	734,835.89	100.00
Total	734,835.89	100.00

**3. Advances to Vendors**

## 1) Balance at ending of the year



Account age	Balance at ending of the year		Balance at beginning of the year	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	25,233.00	100.00		
Total	25,233.00	100.00		

## 2) Details of advances to vendors

Customer name	Amount	Percentage (%)
Foshan Electrical and Lighting Co.Ltd	24185.00	95.85
Guangdong Maggical Electric Appliance Co.,Ltd	748.00	2.96
Guangzhou Ningjun Property Management Co. Ltd	300.00	1.19
Total	25,233.00	100.00

**4. Other receivables**

## 1) Balance at ending of the year

Account age	Balance at ending of the year		Balance at beginning of the year	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	13,358.91	92.59	388,198.72	100.00
1-2 years	166,869.06	7.41	-	-
Total	180,227.97	100.00	388,198.72	100.00

## 2) Details of other receivables

Customer name	Amount	Percentage (%)
Guangzhou Junzhao Property Management Co. Ltd	93,485.70	51.87
Guangzhou Ningjun Property Management Co. Ltd	37,722.30	20.93
CIIC GUANGZHOU ECONOMIC & TECHNICAL COOPERATION CORP LTD	19,792.21	10.98
International long distance call deposit	8,000.00	4.44
Tongbiao Standard Technical service Co.Ltd	6,503.76	3.61
Total	165,503.97	91.83

**5. Other current assets**

Items	Balance at ending of the year	Balance at beginning of the year
Amount of input tax to be deducted	328,896.09	
Total	328,896.09	



**6. Fixed assets and accumulated depreciation**

Items	Balance at beginning of the year	Increase during the year	Decrease during the year	Balance at ending of the year
1. Original value of fixed assets				
Including: office equipment and others	162,025.68	65,449.00	3,924.81	223,549.87
Total	162,025.68	65,449.00	3,924.81	223,549.87
2. Accumulated depreciation				
Including: office equipment and others	8,826.08	41,922.30	1,040.52	49,707.86
Total	8,826.08	41,922.30	1,040.52	49,707.86
3. Book value of fixed assets				
Including: office equipment and others	153,199.60	-	-	173,842.01
Total	153,199.60	-	-	173,842.01

**7. Long-term deferred expense**

Items	Original value	Balance at beginning of the year	Increase during the year	Amortized during the year	Balance at ending of the year
Fire engineering	42,500.00	33,055.52		14,166.72	18,888.80
Renovation costs	60,440.20	28,217.96	94,250.00	55,947.12	66,520.84
ICP rental	109,066.65	15,580.95	274,126.15	273,426.19	16,280.91
Total	212,006.85	76,854.43	368,376.15	343,540.03	101,690.55

**8. Advances from Customers**

## 1) Balance at ending of the year

Account age	Balance at ending of the year		Balance at beginning of the year	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	16,105.87	82.3	344,025.63	100.00
1-2 years	3,463.17	17.7		
Total	19,569.04	100.00	344,025.63	100.00

## 2) Top five creditors of advance receipts

Customer name	Amount	Percentage (%)
Build Connect Limited	16,089.40	82.22
Deepak Commercial Brokerage L.L.C	3,463.17	17.70
Imperial Trd and Cont	16.47	0.08
Total	19,569.04	100.00



**9. Employee Pay Payable**

	Balance at beginning of the year	Increase during the year	Paid during the year	Balance at ending of the year
Payroll, bonus, allowance, and subsidy	142,973.16	3,351,878.09	3,259,079.10	235,772.15
Staff welfare expenses		457,018.96	457,018.96	
Social Insurance		555,392.66	555,392.66	
Housing fund		206,994.40	206,994.40	
Total	142,973.16	4,571,284.11	4,478,485.12	235,772.15

**10. Tax payable**

Items	Applicable tax rate	Balance at beginning of the year	Tax payable of the current year	Tax paid of the current year	Balance at ending of the year
Value-added tax	17%/6%		95,810.85	91,666.02	4,144.83
Urban construction and maintenance tax	7%		6,706.76	6,416.62	290.14
Education surcharge	3%		2,876.31	2,751.97	124.34
Local education surcharge	2%		1,914.23	1,831.33	82.90
Individual income tax		49,458.33	442,314.17	442,011.61	69,760.89
Corporate income tax	25%	16,739.14	629,131.75	463,648.85	182,222.04
Total		66,197.47	1,178,754.07	988,326.40	256,625.14

**11. Other payable**

## 1) Balance at ending of the year

Account age	Balance at ending of the year		Balance at beginning of the year	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	129,628.26	100.00	118,857.71	100.00
Total	129,628.26	100.00	118,857.71	100.00

## 2) Top five creditors of other payable:

Name	Amount	Percentage (%)
Xian Hao Rong	28,880.30	22.28
MAHENDER SINGH BAGRI	26,100.00	20.13
RIPUDAMAN SINGH	15,900.00	12.27
KEVIN WANG	12,018.20	9.27
Export freight	11,097.13	8.56
Total	93,995.63	72.51

**12. Paid-up capital**

Investor	Balance at beginning of the year	Shareholding ratio %	Increase during the year	Decrease during the year	Balance at ending of the year	Shareholding ratio %
HAVELLS INDIA	477,666.00	100.00	0.00	0.00	477,666.00	100.00
Total	477,666.00	100.00	0.00	0.00	477,666.00	100.00

**13. Undistributed profit**

Item	Balance at beginning of the year	Increase during the year	Decrease during the year	Balance at ending of the year
Undistributed profit	150,652.27	1,875,216.39	0.00	2,025,868.66
Total	150,652.27	1,875,216.39	0.00	2,025,868.66

**14. Business income and cost****Main business income and cost**

Items	Main business income		Main business cost	
	Amount of current year	Amount of previous year	Amount of current year	Amount of previous year
Service fee income	8,486,019.15	4,064,465.70		
Export sales income	3,873,421.94		2,752,573.51	
Domestic sales income	1,647,553.29		1,043,111.73	
Total	14,006,994.38	4,064,465.70	3,795,685.24	

**15. Taxes & Surcharges**

Item	Amount of current year	Amount of previous year
Urban construction and maintenance tax	6,706.76	
Education surcharge	2,883.96	
Local education surcharge	1,906.58	
Stamp tax	1,384.70	330.40
Total	12,882.00	330.40

**16. Sales expenses**

Items	Amount of current year	Amount of previous year
Business entertainment	8,555.00	5,130.30
Travel expenses	749,304.67	300,018.34
Courier fee	6,667.84	1,046.48
Social insurance	450,037.47	154,885.18
Employee's salary	3,145,315.88	1,152,511.64





Employee welfare	223,954.00	111,202.00
Housing funds	206,994.40	63,776.00
Cell phone fee	29,742.25	13,181.37
Transportation fee	11,323.50	3,901.00
Others	6,116.76	71,580.35
Administrative expense	5,673.00	
Customs fees	60,600.60	
Export freight	18,546.75	
Sample fee	85,722.45	
Freight	4,622.52	
Total	5,013,177.09	1,877,232.66

### 17. Administrative expenses

Items	Amount of current year	Amount of previous year
Asset depreciation costs	41,922.30	8,826.80
Repair fee		10,189.00
Administrative expense	54,373.04	23,879.90
Utility fee	6,542.20	1,525.60
Travel expense	68,553.31	41,839.80
Rental fee	376,854.84	250,552.35
Business entertainment fee	22,369.87	7,369.00
Vehicle usage fee	319,982.80	71,913.20
Wages	631,571.00	938,418.45
Social insurance	105,355.19	110,911.31
Employee welfare	397,357.20	182,864.50
Housing funds		36,033.00
Agent employment fee	359,079.62	58,091.00
Consultant fee		40,000.00
Property management fee	118,087.20	74,280.70
Fire engineering fee	20,666.72	9,444.48
Service fee		4,750.00
Cell phone fee	45,447.50	10,133.11
Transportation fee	682.00	1,343.00
Renovation costs	55,947.12	32,222.24
Others	19,564.74	46,985.50
Courier fee	2,363.00	182.00
Rental LLOYD	31,884.00	14,930.00
Cleaning fee	5,020.00	2,000.00
Total	2,683,603.65	1,978,684.22

### 18. Financial expenses

Items	Amount of current year	Amount of previous year
Bank service charges	16,328.65	5,438.30





Exchange gain or loss	-37,053.81	35,237.35
Interest revenue	-2,067.50	-836.30
Total	-22,792.66	39,839.35

### 19. Non-operating expenses

Items	Amount of current year	Amount of previous year
Tax overdue fine, other fines and penalty		987.66
Bad debts	21,035.17	
Loss on disposal of fixed assets	942.54	
Total	21,977.71	987.66

## Article 8 Related party relation and trade

### (1) Related party with control relationship

#### 1. Economic nature or type, name, legal representative, registered address and main business

No.	Name	Registered address	Main business	Relation with the Company	Economic nature	Legal representative
1	HAVELLS INDIA LTMITED	904, 9th Floor, Surya Kiran Building, Kasturba Gandhi Marg, Connaught Place New Delh	Electric cable, wire, electrical machine and household appliances production and sale	Investor	Limited company	Shri Anil Rai Gupta

#### 2. Registered capital and relevant changes

Company name	Balance at beginning of the year		Increase during the year		Decrease during the year		Balance at ending of the year	
	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage
HAVELLS INDIA LTMITED	477,666.00	100.00					477,666.00	100.00

## Article 9 Explanation on contingency

There is no contingency of the Company in the current year.

## Article 10 Explanation on post-balance sheet events

There is no post-balance sheet event of the Company in the current year for necessary disclosure.

## Article 11 Other matters for explanation

There is no other matter of the Company in the current year which needs special explanation.



# 营业执照

(副本) 编号 S0452014006665 (1-1)

统一社会信用代码 914401047889167341

名称 广东南方天元会计师事务所（普通合伙）

类型 合伙企业（普通合伙）

主要经营场所 广州市越秀区中山一路51号后座二楼2-221房

执行事务合伙人 王恩平

成立日期 2006年05月25日

合伙期限 2006年05月25日至长期

经营范围 商务服务业（具体经营项目请登录广州市商事主体信息公示平台查询。依法须经批准的项目，经相关部门批准后方可开展经营活动。）



登记机关 广州市越秀区工商行政管理局



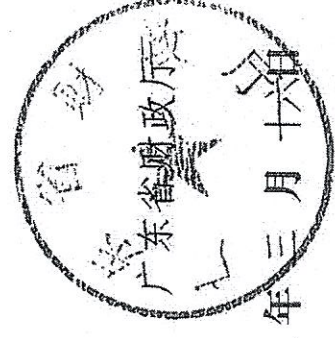
2017 年 9 月 3 日



证书序号: 0002735

### 说明

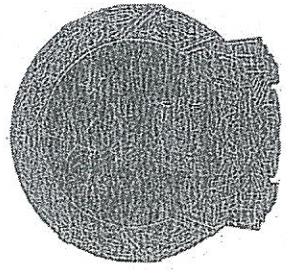
- 1、《会计师事务所执业证书》是证明持有人经财政部门依法审批，准予执行注册会计师法定业务的凭证。
- 2、《会计师事务所执业证书》记载事项发生变动的，应当向财政部门申请换发。
- 3、《会计师事务所执业证书》不得伪造、涂改、出租、出借、转让。
- 4、会计师事务所终止或执业许可注销的，应当向财政部门交回《会计师事务所执业证书》。



发证机关:

二〇〇八年三月十六日

中华人民共和国财政部制



## 会计师事务所 执业证书



名称: 广东南方天元会计师事务所 (普通合伙)

首席合伙人: 王恩平

主任会计师:

经营场所: 广州市越秀区中山一路51号后座二楼2-221房

组织形式: 普通合伙

执业证书编号: 44010130

批准执业文号: 粤财会[2006]56号

批准执业日期: 2006年05月12日





姓名 王恩平  
 Full name \_\_\_\_\_  
 性别 男  
 Sex \_\_\_\_\_  
 出生日期 1954-04-07  
 Date of birth \_\_\_\_\_  
 工作单位 广州同杞合伙会计师事务所  
 Working unit \_\_\_\_\_  
 身份证号码 340503540407003  
 Identity card No. \_\_\_\_\_

证书编号: 440100340003  
 No. of Certificate

批准注册协会: 广东省注册会计师协会  
 Authorized Institute of CPAs

发证日期: 一九九二年十一月十七日  
 Date of Issuance 2011年4月30日换发



年度检验登记  
 Annual Renewal Registration

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



王恩平(440100340003)，已通过广东省注册会计师协会2019年任职资格检查。通过文号：粤注协〔2019〕94号。



440100340003

注册会计师工作单位变更事项登记  
 Registration of the Change of Working Unit by a CPA

同意调出  
 Agree the holder to be transferred from

事务所  
 CPAs

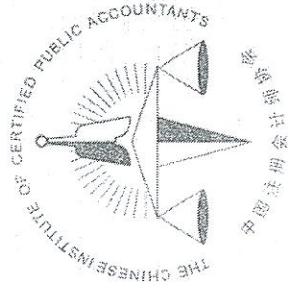
转出协会盖章  
 Stamp of the transfer-out Institute of CPAs  
 年 月 日  
 /y /m /d

同意调入  
 Agree the holder to be transferred to

根据广东省财政厅2013年第50号公告  
 更名为 广东南方天冠会计师事务所  
 CPAs



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 Stamp of the transfer-in Institute of CPAs  
 2014年 1月 日  
 /y /m /d



姓名 廖喜鹏  
Full name 男  
Sex 男  
出生日期 1968-11-14  
Date of birth 广东南方天元会计师事务所  
Working unit 广东南方天元会计师事务所  
工作单位 (普通合伙)  
身份证号码 440511196811140070  
Identity card No.



廖喜鹏(441100030003), 已通过广东省注册会计师协会2019年任职资格检查。通过文号: 粤注协(2019) 94号。



441100030003

证书编号: 441100030003  
No. of Certificate

批准注册协会: 广东省注册会计师协会  
Authorized Institute of CPAs

发证日期: 1995 年 08 月 21 日  
Date of issuance /y /m /d

年 月 日  
/y /m /d

2019年4月换发