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# SG Technologies, Inc. and Subsidiary

## 曙光（美国）技术中心及其子公司

(A wholly-owned subsidiary of Liaoning SG Automotive Group)

( 辽宁曙光汽车集团股份有限公司全资子公司 )

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**Consolidated Financial Report 合并财务报告**

**April 30, 2017**

**2017年4月30日**

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## Independent Auditor's Report 独立审计报告

To the Board of Directors  
SG Technologies, Inc. and Subsidiary  
致曙光（美国）技术中心及其子公司董事会，

We have audited the accompanying consolidated financial statements of SG Technologies, Inc. and Subsidiary (the "Company"), which comprise the consolidated balance sheet as of April 30, 2017 and December 31, 2016 and the related consolidated statements of operations, stockholder's equity, and cash flows for the four-Month Period Ended April 30, 2017 and year ended December 31, 2016, and the related notes to the consolidated financial statements.

我们审计了后附的曙光（美国）技术中心及其子公司（以下简称“贵公司”）合并财务报表，包括截止2017年4月30日和2016年12月31日的合并资产负债表、2017年1到4月期间和2016年度的合并利润表、合并所有者权益变动表和合并现金流量表以及财务报表附注。

### **Management's Responsibility for the Consolidated Financial Statements. 管理层对合并财务报表的责任。**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of 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.

按照美国公认的会计准则编制和公允列报合并财务报表是贵公司管理层的责任，包括设计、实施和维护必要内部控制，以使合并财务报表不存在因为舞弊或错误导致的重大错报。

### **Auditor's Responsibility 审计师的责任**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

我们的责任是在执行审计工作的基础上对合并财务报表发表审计意见。我们按照美国公认的审计准则的规定执行了审计工作。审计准则要求我们计划和执行审计工作以对合并财务报表是否不存在重大错报获取合理保证。

To the Board of Directors  
SG Technologies, Inc. and Subsidiary  
致曙光（美国）技术中心及其子公司董事会，

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 auditor's judgment, 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 the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, 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.

审计工作涉及实施审计程序，以获取有关合并财务报表金额和披露的审计证据。选择的审计程序取决于审计师的判断，包括对由于舞弊或错误导致的合并财务报表重大错报风险的评估。在进行风险评估时，审计师考虑与合并财务报表编制和公允列报相关的内部控制，以设计恰当的审计程序，但目的并非对内部控制的有效性发表意见。审计工作还包括评价管理层选用会计政策的恰当性和作出重大会计估计的合理性，以及评价合并财务报表的总体列报。我们相信，我们获取的审计证据是充分、恰当的，为发表审计意见提供了基础。

### **Opinion 审计意见**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of SG Technologies, Inc. and Subsidiary as of April 30, 2017 and December 31, 2016 and the results of their operations and their cash flows for the four-Month Period Ended April 30, 2017 years then ended in accordance with accounting principles generally accepted in the United States of America.

我们认为，贵公司合并财务报表在所有重大方面按照美国公认的会计准则的规定编制，公允地反映了截止2017年4月30日和2016年12月31日的合并财务状况，以及2017年1到4月期间和2016财务年度的合并经营成果和现金流量。

### **Other Matter 其他事项**

As described in Note 1 to the financial statements, the parent Company Liaoning SG Automotive Group intends to sell its interests of SG Technologies, Inc. Our opinion is not modified with respect to this matter.

如财务报表附注1所示，母公司辽宁曙光汽车集团股份有限公司拟将其持有的曙光（美国）技术中心的股权转让。本段内容不影响已发表的审计意见。

*Plante & Moran, PLLC*

May 23, 2017

2017年5月23日

# SG Technologies, Inc. and Subsidiary 曙光（美国）技术中心及其子公司

## Consolidated Balance Sheet 合并资产负债表

	April 30, 2017	December 31, 2016
	2017年4月30日	2016年12月31日
<b>Assets资产</b>		
<b>Current Assets流动资产</b>		
Cash现金	\$ 4,573,568	\$ 4,825,666
Accounts receivable - Net (Note 3)应收账款—净额 (附注3)	-	13,420
Prepaid expenses and other current assets 待摊费用和其他流动资产	863	2,326
Total current assets流动资产合计	4,574,431	4,841,412
Property and Equipment- Net (Note 4)固定资产-净额 (附注4)	8,407	4,759
Other Assets- Investment in limited partnership其他资产-投资有限合伙企业	425,000	425,000
Total assets资产合计	<b>\$ 5,007,838</b>	<b>\$ 5,271,171</b>
<b>Liabilities and Stockholder's Equity负债和所有者权益</b>		
<b>Current Liabilities流动负债</b>		
Accounts payable应付账款	\$ 11,368	\$ 3,968
Accrued and other current liabilities预提费用和其他流动负债	5,276	2,337
Total current liabilities流动负债合计	16,644	6,305
<b>Stockholder's Equity (Note 7)所有者权益 (附注7)</b>	4,991,194	5,264,866
Total liabilities and stockholder's equity负债和所有者合计	<b>\$ 5,007,838</b>	<b>\$ 5,271,171</b>

See notes to consolidated financial statements. 详见合并财务报表附注

**SG Technologies, Inc. and Subsidiary 曙光（美国）技术中心及其子公司****Consolidated Statement of Operations 合并利润表**

	Four-Month Period Ended April 30, 2017 2017年1到4月	Year Ended December 31, 2016 2016年度
<b>Net Sales</b> 销售净额	\$ -	\$ 13,420
<b>Cost of Sales</b> 销售成本	4,271	20,641
<b>Gross Loss</b> 销售毛利	(4,271)	(7,221)
<b>Operating Expenses</b> 营业费用	279,359	411,935
<b>Operating Loss</b> 营业损失	(283,630)	(419,156)
<b>Non-operating Income (Expense)</b> 营业外收入(支出)		
Interest income利息收入	2,308	4,097
Dividend income投资收益	8,500	-
(Loss) gain on disposal of property and equipment固定资产清理损益	(850)	1,272,977
Interest expense利息支出	-	(132)
Total non-operating income营业外收入合计	9,958	1,276,942
<b>(Loss) Income</b> - Before income taxes (亏损)/利润总额-税前	(273,672)	857,786
<b>Income Tax Expense</b> 所得税费用	-	-
<b>Consolidated Net (Loss) Income</b> 净(亏损)/利润	\$ (273,672)	\$ 857,786

See notes to consolidated financial statements. 详见合并财务报表附注

## SG Technologies, Inc. and Subsidiary 曙光（美国）技术中心及其子公司

### Consolidated Statement of Stockholder's Equity 合并所有者权益变动表

	Common Stock 股本	Additional Paid-In Capital 资本公积	Accumulated Deficit 累计亏损	Total 合计
<b>Balance- January 1, 2015</b> 截止2015年1月1日余额	\$ 1,000	\$ 9,979,000	\$ (5,572,920)	\$ 4,407,080
<b>Consolidated net income</b> 合并净利润	-	-	857,786	857,786
<b>Balance- December 31, 2016</b> 截止2016年12月31日余额	1,000	9,979,000	(4,715,134)	5,264,866
<b>Consolidated net loss</b> 合并净损失	-	-	(273,672)	(273,672)
<b>Balance- April 30, 2017</b> 截止2017年4月30日余额	<b>\$ 1,000</b>	<b>\$ 9,979,000</b>	<b>\$ (4,988,806)</b>	<b>\$ 4,991,194</b>

See notes to consolidated financial statements. 详见合并财务报表附注

# SG Technologies, Inc. and Subsidiary 曙光（美国）技术中心及其子公司

## Consolidated Statement of Cash Flows 合并现金流量表

	Four-Month Period Ended April 30, 2017	Year Ended December 31, 2016
	2017年1到4月	2016年度
<b>Cash Flows from Operating Activities 经营活动产生的现金流量</b>		
Consolidated net (loss) income 合并净损益	\$ (273,672)	\$ 857,786
Adjustments to reconcile consolidated net (loss) income to net cash from operating activities: 将合并净损益调节为经营活动产生的现金流量。		
Depreciation 固定资产折旧	631	889
Loss (gain) on disposal of property and equipment 固定资产清理损益	850	(1,272,977)
Changes in operating assets and liabilities which provided (used) cash: 经营性资产和负债增减变动产生的现金流量		
Accounts receivable 应收账款	13,420	(13,420)
Prepaid expenses and other assets 待摊费用和其他资产	1,463	(2,326)
Accounts payable 应付账款	7,400	(15,436)
Accrued and other liabilities 预提费用和其他债务	2,939	(1,624)
Net cash used in operating activities 经营活动产生的现金流量净额	(246,969)	(447,108)
<b>Cash Flows from Investing Activities 投资活动产生的现金流量</b>		
Purchase of property and equipment 购建固定资产支付的现金	(5,129)	(424)
Proceeds from disposition of property and equipment 处置固定资产收回现金	-	5,450,413
Purchase of investment 投资所支付的现金	-	(425,000)
Net cash (used in) provided by investing activities 投资活动产生的现金流量净额	(5,129)	5,024,989
<b>Net (Decrease) Increase in Cash 现金净增加 (减少)</b>	(252,098)	4,577,881
<b>Cash - Beginning of year 现金的年初余额</b>	4,825,666	247,785
<b>Cash - End of year 现金的年末余额</b>	<b>\$ 4,573,568</b>	<b>\$ 4,825,666</b>
<b>Supplemental Cash Flow Information - Cash paid for interest 补充现金流量信息 - 偿付利息所支付的现金</b>		
	\$ -	\$ 132

See notes to consolidated financial statements. 详见合并财务报表附注

April 30, 2017 and December 31, 2016

2017年4月30日和2016年12月31日

## Note 1 - Nature of Business 附注1-基本情况

SG Technologies, Inc. and Subsidiary (the "Company") is a technical center for automobile technical support and other research and development activities, including advanced design and development of axles and automotive components. The Company's primary responsibility is assisting with new engineering projects and supporting the U.S. program of Liaoning SG Automotive Group Co., Ltd. (the "Parent"). SG Technologies, Inc., a Michigan corporation, is a wholly owned subsidiary of the Parent, which is listed on the Shanghai Stock Exchange. SG Technologies, Inc. is the single-member owner of SG Realty, LLC, a Michigan limited liability company that provides property management services for SG Technologies, Inc. During the year ended December 31, 2016, the Company sold the remaining assets of SG Realty, LLC, ceased all activities of the entity, and filed a certificate of dissolution.

曙光（美国）技术中心及其子公司（“本公司”）是一家提供汽车技术支持和开展研发活动的技术中心，业务包括轮轴和汽车配件的高级设计和开发。公司主要责任是为最新的工程项目提供协助，支持辽宁曙光汽车集团股份有限公司（“母公司”）的美国项目。曙光（美国）技术中心是一家位于密西根州的企业，属于母公司的全资子公司，母公司是在上海证券交易所挂牌的上市公司。曙光（美国）技术中心是为其提供物业管理服务的密歇根有限责任公司SG Realty LLC的唯一所有人。截止2016年12月31日，贵公司出售了SG Realty LLC公司的剩余资产，终止了这家公司的所有经营活动并递了解散申请。

The parent company, Liaoning SG Automotive intends to sell its interests of SG Technologies, Inc.

母公司- 辽宁曙光汽车集团股份有限公司拟将其持有的曙光（美国）技术中心股权转让。

## Note 2 - Significant Accounting Policies 附注2-重大会计政策

### *Basis of Presentation* 编制依据

The consolidated financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

本公司的合并财务报表按照美国公认的会计准则（US GAAP）的规定和权责发生制为编制基础。

### *Principles of Consolidation* 合并原则

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary. All material intercompany accounts and transactions have been eliminated in consolidation.

April 30, 2017 and December 31, 2016

2017年4月30日和2016年12月31日

**Note 2 - Significant Accounting Policies (Continued)附注2-重大会计政策 (续)**

合并财务报表包括本公司及其全资子公司的所有会计帐户。所有重大的关联方交易在合并过程中进行了抵消。

**Functional Currency记账本位币**

The functional and reporting currency of the Company is the United States dollar.

本公司的记账本位币和编制财务报告所采用的货币均为美元。

**Credit Risk, Major Customers, and Suppliers信用风险、主要客户和供应商**

One customer, Fengcheng SG Axle Shaft Co., an affiliated automobile parts supplier, comprised 100 percent of the Company's revenue for the year ended December 31, 2016. The customer's accounts receivable balance amounted to \$13,420 as of December 31, 2016. There were no sales to this customer recognized during the four-month period ended April 30, 2017. There were no accounts receivable outstanding from this customer at April 30, 2017.

曙光凤城半轴公司是一家汽车配件供应商,是本公司的客户,同时为本公司的关联公司,2016年度本公司所有的销售收入都来源于这家关联公司。截止2016年12月31日,该关联公司的应收账款余额是13,420美元。在2017年1到4月间,本公司没有与该关联公司发生销售业务往来。截止2017年4月30日,该关联公司的应收账款全部收回。

**Trade Accounts Receivable应收账款**

Accounts receivable are stated at net invoice amounts. An allowance for doubtful accounts is established based on a specific assessment of all invoices that remain unpaid following normal customer payment periods. In addition, a general valuation allowance is established for other accounts receivable based on historical loss experience. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period that determination is made. Management considers all accounts receivable collectible and, therefore, an allowance for doubtful accounts has not been recorded at April 30, 2017 and December 31, 2016.

应收账款按照实际发票净额列报。客户坏账准备的计提,是对超过正常的付款期限仍未收到货款的发票进行个别分析后确定的。此外,还会根据以往坏账损失的经验确认一般减值准备。所有无法收回的应收账款会核销本期计提的坏账准备。管理层认为,所有应收账款均可以收回。因此,截止2017年4月30日和2016年12月31日公司没有计提坏账准备。

April 30, 2017 and December 31, 2016

2017年4月30日和2016年12月31日

**Note 2 - Significant Accounting Policies (Continued)附注2-重大会计政策 (续)**

***Property and Equipment* 固定资产**

Property and equipment are recorded at cost. The straight-line method is used for computing depreciation. Assets are depreciated over their estimated useful lives. Costs of maintenance and repairs are charged to expense when incurred.

固定资产按照历史成本计价,采用直线法在预计可使用期限内进行折旧。固定资产的日常维护和修理费用,在发生时计入费用。

***Investments* 投资**

During the year ended December 31, 2016, the Company made an investment in an unrelated limited partnership. Investments in entities in which the Company has less than a 20 percent interest or is not able to exercise significant influence are carried at cost. Dividends received are included in income, except for those dividends received in excess of the Company's proportionate share of accumulated earnings, which are applied as a reduction of the cost of the investment. Impairment losses due to a decline in the value of the investment that is other than temporary are recognized when incurred. No impairment losses were recognized for 2017 or 2016.

截止2016年12月31日,本公司投资了一家非关联有限合伙企业。本公司对持股比例在20%以下或者不具有重大影响的企业股权投资采用成本法计量。对于收到的红利,按照公司所占的股权投资比例确认投资收益,超出股权投资比例部分的红利冲减股权投资成本。非暂时性股权投资价值下降所导致的资产减值损失在发生时予以确认。2016年或2017年没有确认股权投资相关的资产减值损失。

***Revenue and Cost Recognition* 收入和成本确认原则**

Revenue is recognized when it is realized or realizable and earned. The Company considers revenue realized or realizable when it has persuasive evidence of an agreement, the product has been delivered, services have been provided to the customer, the sales price is fixed or determinable, and collectibility is reasonably assured.

销售收入在已实现,可实现并取得时予以确认。在下述情况下,本公司认为销售收入已实现或可实现,有充分的证据表明,销售协议已经签署,商品已经发出,服务已经提供给客户,销售价格是固定的或可决定的,货款的收回有充分的保证,则本公司认为销售收入已实现或可实现。

April 30, 2017 and December 31, 2016

2017年4月30日和2016年12月31日

**Note 2 - Significant Accounting Policies (Continued)附注2-重大会计政策 (续)**

***Income Taxes* 所得税**

A current tax liability or asset is recognized for the estimated taxes payable or refundable on tax returns for the year. Deferred tax liabilities or assets are recognized for the estimated future tax effects of temporary differences between financial reporting and tax accounting.

预计应补税金或应退税金确认为当期所得税负债或资产。递延所得税负债或资产是根据可抵扣暂时性差异与应纳税暂时性差异予以确认。

***Use of Estimates* 会计估计**

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

本合并财务报表是根据美国公认的会计准则编制的。会计准则要求公司管理层作出会计估计和假设，相关的估计和假设会影响合并财务报表日资产与债务的列报金额，或有资产与或有债务的披露，以及报告期间的收入和成本的列报金额。实际结果可能与作出估计和假设的结果有差异。

April 30, 2017 and December 31, 2016

2017年4月30日和2016年12月31日

**Note 2 - Significant Accounting Policies (Continued)附注2-重大会计政策 (续)**

***Upcoming Accounting Pronouncements*未来会计公告**

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which will supersede the current revenue recognition requirements in Topic 605, *Revenue Recognition*. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The new guidance will be effective for the Company's year ending December 31, 2019. The ASU permits application of the new revenue recognition guidance to be applied using one of two retrospective application methods. The Company has not yet determined which application method it will use. The Company is in the process of evaluating the impact of the new standard which may change the timing of revenue recognition due to the types of contracts that the Company enters into with its customers for engineering and design services. The new standard will also require expanded disclosures surrounding revenue in the notes to the consolidated financial statements.

2014年5月，财务会计准则委员会（FASB）发布2014-09号会计准则更新（ASU）（第606条：客户合同收入），替代第605条（收入确认）所列的收入确认原则。本项会计准则更新的原则是收入要按照企业预计因交付商品或提供服务而有权获得的金额来确认。此外，本项会计准则的更新要求额外披露收入的性质、金额、时间和收入确认以及客户合同收款不确定性，包括重大判断、判断变更以及按照发生的合同成本确认的资产。公司将于2019年12月31日开始实施最新的规定。会计准则的更新允许公司采用两种会计追溯调整方法中一种来实施最新收入确认。公司尚未决定采用何种会计追溯调整方法。新准则会因公司与客户签订的工程合同或设计合同的不同类别而影响收入确认的时间。目前，公司正在评估该影响。此外，新准则要求在合并财务报表附注中扩展营业收入披露项目。

**April 30, 2017 and December 31, 2016**

**2017年4月30日和2016年12月31日**

**Note 2 - Significant Accounting Policies (Continued)附注2-重大会计政策 (续)**

In November 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2015-17, *Balance Sheet Classification of Deferred Taxes*, which will modify how deferred income taxes are presented on the balance sheet. The ASU will require all deferred tax assets and liabilities to be reported as noncurrent in a classified statement of financial position. The new guidance will be effective for the Company's year ending December 31, 2018. The ASU permits the new deferred income tax classification guidance to be applied either prospectively or retrospectively. The Company has not yet determined which application method it will use and the impact of the new standard on the consolidated financial statements is not expected to be material.

2015年11月，财务会计准则委员会（FASB）发布2015-17号会计准则更新（ASU）（递延所得税在资产负债表上的分类），修改了递延所得税在资产负债表的列报方式。按照本项会计准则的更新要求，递延所得税资产与递延所得税负债在财务报表中归类为非流动性项目。从2018年12月31日开始，公司将按最新准则实施。本项会计准则更新允许公司采用未来适用法或追溯调整法对递延所得税进行分类。目前，公司尚未决定采用何种调整方法。新准则预期不会对合并财务报表造成重大影响。

In February 2016, the FASB issued ASU No. 2016-02, *Leases*, which will supersede the current lease requirements in ASC 840. The ASU requires lessees to recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of operations. Currently, leases are classified as either capital or operating, with only capital leases recognized on the balance sheet. The reporting of lease-related expenses in the statements of operations and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for the Company's year ending December 31, 2020 and will be applied using a modified retrospective transition method to the beginning of the earliest period presented. The new lease standard is expected to have a significant effect on the Company's consolidated financial statements as a result of the leases for office space classified as operating leases. The effect of applying the new lease guidance is expected to increase long-term assets and lease liabilities upon adoption. The effects on the results of operations are not expected to be significant as recognition and measurement of expenses and cash flows for leases will be substantially the same under the new standard.

April 30, 2017 and December 31, 2016

2017年4月30日和2016年12月31日

**Note 2 - Significant Accounting Policies (Continued)附注2-重大会计政策 (续)**

2016年2月，财务会计准则委员会发布2016-02号会计准则更新（租赁），替代会计准则汇编第840条所列的租赁规定。本项会计准则更新要求承租人明确租赁资产的使用权以及承担相应的租赁义务，但个别短期租赁除外。租赁分为财务性租赁和经营性租赁，该分类对利润表中相关费用确认的方式会产生一定影响。目前，租赁分为融资性租赁和经营性租赁，资产负债表只确认融资性租赁。利润表中租赁费用和现金流量的列报应当遵守现行会计准则。从2020年12月31日开始，公司将实施最新租赁会计准则，并采用追溯调整法进行调整。若将办公室租赁归入经营租赁，最新会计准则将对公司合并财务报表产生重大影响。实施最新租赁准则有望增加长期资产和租赁负债，由于在新准则下，租赁费用和现金流量的确认和计量方法基本不变，因此对经营业绩的影响不会太大。

**Subsequent Events 期后事项**

The consolidated financial statements and related disclosures include evaluation of events up through and including May 23, 2017, which is the date the consolidated financial statements were available to be issued.

期后事项包括截止2017年5月23日（合并财务报表日）的合并财务报表以及相关披露事项的评估。

**Note 3 - Related Party Transactions 附注3-关联方交易**

The following is a description of transactions between the Company and related parties:

以下所列为公司与关联方发生的交易：

**Accounts Receivable 应收账款**

At December 31, 2016, the Company had accounts receivable from an affiliate, Fengcheng SG Axle Shaft Co., totaling \$13,420. There were no accounts receivable outstanding from affiliates at April 30, 2017.

截止2016年12月31日，曙光凤城半轴公司应收账款余额13,420美元。截止2017年4月30日，所有应收账款均已收回。

The Company has an agreement with the Parent to purchase machinery and equipment on its behalf and pay for the refurbishment of those assets. The aforementioned equipment is not recorded within the consolidated financial statements of the Company and is the property of the Parent. There were no accounts receivable related to this agreement at April 30, 2017 and December 31, 2016.

April 30, 2017 and December 31, 2016

2017年4月30日和2016年12月31日

**Note 3 - Related Party Transactions ( Continued ) 附注3-关联方交易(续)**

公司已与母公司达成协议，代为采购机器设备并支付维修费用。上述设备未体现在合并财务报表上，因为他们的所有权属于母公司。截止2017年4月30日和2016年12月31日，没有发生与本协议相关的应收账款。

**Revenue from Affiliates 关联交易收入**

For the four-month period ended April 30, 2017 and year ended December 31, 2016, the Company had revenue from affiliates totaling \$0 and \$13,420, respectively.

2017年1到4月期间和2016年度，本公司关联交易收入总额分别为0美元和13,420美元。

**Note 4 - Property and Equipment 附注4-固定资产**

Property and equipment are summarized as follows: 固定资产概况如下：

	April 30, 2017 2017年4月30日	December 31, 2016 2016年12月31日	Depreciable Life – Years 折旧年限
Machinery and equipment 机器设备	\$ 1,362	\$ 2,051	10
Computer equipment and software 计算机设备和软件	15,533	11,301	3-5
Total cost 固定资产原值合计	16,895	13,352	
Accumulated depreciation 累计折旧	8,488	8,593	
Net property and equipment 固定资产净额	<b>\$ 8,407</b>	<b>\$ 4,759</b>	

Depreciation expense for the four-month period ended April 30, 2017 and year ended December 31, 2016 was \$631 and \$889, respectively.

2017年1到4月期间与和2016年度的折旧费用分别为631美元和889美元。

On February 16, 2016, the Company sold a building, related real estate, and certain equipment and fixtures located in Farmington Hills, Michigan for \$5,800,000 in cash proceeds, before transaction costs. The gain on sale of property and equipment is reported net of transaction costs in the accompanying consolidated statements of operations and cash flows for the year ended December 31, 2016.

2016年2月16日，公司以5,800,000美元出售了位于密歇根州法明顿希尔斯的一座建筑物、相关不动产、设备和固定设施。处置固定资产的净损益，包含在所附的2016年度合并利润表和合并现金流量表中。

April 30, 2017 and December 31, 2016

2017年4月30日和2016年12月31日

**Note 5 - Operating Leases 附注5-经营租赁**

Effective May 1, 2016, the Company is obligated under an operating lease for its administrative offices through October 2018. The lease requires the Company to pay taxes, insurance, utilities, and maintenance costs. Total rent expense under the leases was \$9,373 and \$18,037 for the four-month period ended April 30, 2017 and year ended December 31, 2016, respectively.

自2016年5月1日起，公司签署的办公楼租赁协议正式生效，此协议将于2018年10月到期。按照租赁协议规定，公司必须缴纳税款、保险、公用事业和维护费用。根据租赁协议的规定，2017年1到4月期间和2016年度的租金金额分别为9,373美元和18,037美元。

Future minimum annual commitments under the operating lease are as follows 上述经营租赁协议规定的最低年租金如下：

Calendar Years Ending December 31 截止12月31日的年度	Amount 金额
2017	\$ 18,648
2018	23,826
Total 合计	<b>\$ 42,474</b>

**Note 6 - Income Taxes 附注6-所得税**

The details of the net deferred tax asset are as follows 递延所得税资产净值如下：

	April 30, 2017 2017年4月30日	December 31, 2016 2016年12月31日
Deferred tax assets 递延所得税资产	\$ 1,676,000	\$ 1,583,000
Valuation allowance recognized for deferred tax assets 递延所得税资产准备金	(1,676,000)	(1,583,000)
Net deferred tax asset 递延所得税资产净值	<b>\$ -</b>	<b>\$ -</b>

The provision for income taxes shown on the accompanying consolidated statement of operations differs from the amounts that would result from applying statutory tax rates to income before income taxes, primarily because of the marginal tax rates used to compute deferred taxes, permanent differences between determining income for consolidated financial statement purposes and computing taxable income, and the effect of state and local taxes.

**April 30, 2017 and December 31, 2016**

**2017年4月30日和2016年12月31日**

**Note 6 - Income Taxes ( Continued ) 附注6-所得税(续)**

后附的合并利润表所列的所得税费用与根据税法计算的所得税金额之间的差异，主要由于计算递延所得税时采用的法定税率、合并财务报表中确认的收益与应纳税所得额之间的永久性差异以及州和地方税收影响

Realization of deferred tax assets is dependent on generating sufficient taxable income prior to the expiration of loss carryforwards. The Company has loss carryforwards for tax purposes of approximately \$4,621,000 at December 31, 2016, expiring in years from 2028 through 2036. Due to uncertainty as to the realization of the net operating loss carryforwards, a valuation allowance has been recorded against the related deferred tax asset.

递延所得税资产的确认将取决于在留抵亏损到期之前是否有足够的应税所得额来弥补。截止2016年12月31日，根据税法规定本公司税务亏损金额约为4,621,000美元，将于2028年至2036年间到期。由于不能确认是否可以产生足够的利润来弥补净经营亏损，已对递延所得税资产计提了减值准备金。

**Note 7 - Capital Stock 附注7-股本**

Common stock consists of 60,000 authorized shares of \$1 par value stock. As of April 30, 2017 and December 31, 2016, there were 1,000 shares issued and outstanding.

普通股包括60,000股获准发行股份，每股面值为1美元。截止2017年4月30日和2016年12月31日，公司已发行1000股普通股。

**Note 8 - Retirement Plans 附注8-退休计划**

The Company sponsors a 401(k) plan for salary and hourly employees who have one month of service and are at least 21 years of age. The plan provides for the Company to make a discretionary profit-sharing contribution which is an amount determined by the Company and allocated on a pro-rata basis to participants. There were no contributions in the four-month period ended April 30, 2017 and year ended December 31, 2016.

公司为在职满一个月且至少年满21岁的领薪员工提供了401K退休计划。按照该计划，公司可自行决定利润分享金额以及计划参与人的分享比例。2017年前四个月与2016年度，公司没有缴纳401K退休计划金。