



**Shin Heung**

Precision Slovakia s.r.o.

*Annual Report for 2021*

*Annual report for 2021*



*Shin Heung Precision Slovakia s.r.o.*



*Smer Duslo Šaľa, súp. č. 7236  
927 03 Šaľa – Veča  
IČO: 35889519  
IČ DPH: 2021844814*



**Shin Heung Precision  
Slovakia s.r.o.**

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	POVERIL	PREZREL	SCHVÁLIL
SCHVÁLENIE			

## ***Legislative framework for the annual report***

*The company is obliged to audit according to § 19 of Act No. 431/2002 Coll. on Accounting, as amended, and therefore has the obligation to prepare an annual report under § 20 of the Accounting Act.*

*This annual report is also subject to audit by one year after the end of the accounting period. This annual report will be electronically stored in the register of financial statements and, in its path, also in the commercial register, as stipulated in § 23 par. 2 and § 23b par. 4 of the Accounting Act.*

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## 1. Identification data

### 1.1 Basic information, corporate bodies

Business name	Shin Heung Precision Slovakia s.r.o.
Company registration no.	35889519
Tax registration no.	2021844814
IČ DPH	SK2021844814
Registered address	Smer Duslo Šaľa súp.č. 7236, 927 01 Šaľa - Veča
Business register	Obch.reg.okresného súdu Trnava, odd.Sro, vložka č. 28331/T
Founded	11/06/2004
Managing director	Kil Ho Yang, 25.3.2021

- Statutory Body of Shin Heung Precision Slovakia s.r.o. is the manager of the company.

- *Managing director:* Kil Ho Yang  
(Sinbu Dong, Humansia apartment) 45, Cheonancheon 8-gil,  
Dongnam-gu, Cheonan-si 45, Chungcheongnam-do 104-1603  
Kórejská republika
- *The manager signs the documents separately*
- *The company has no obligation or voluntarily established a supervisory board.*

### 1.2 Founder of the company

*The founder of the company is the company Shin Heung Precision Co., Ltd., headquartered:*

*222-2, Shinneung-ri, Seowoon-myeon, Anseong City, Gyeonggi-do, Kórejská republika. The sole shareholder of the company is a founding company Shin Heung Precision Co., Ltd. with 100% equity participation. Founder of the company in Slovakia owns a total of 18 subsidiaries in 8 countries of Asia and Europe. The consolidated statement is processed and approved by the audit firm in Korea.*

### 1.3 The business activities

*The subject of the company's activities is:*

- ♦ *Production, assembly and distribution of electronic parts and components*
  - ♦ *Manufacture of plastic products*
  - ♦ *Production and distribution of automotive components*
  - ♦ *Purchase of goods for sale to the final consumer (retail) in the scope of free trade.*
- In the scope of free trade*
- ♦ *Purchase of goods for sale to other trades (wholesale) in the scope of free trade*
  - ♦ *Business advice within the scope of free*

*The mentioned activities are carried out by the company for Slovakian customers as well as customers from other EU countries as well as from third countries eg from Turkey.*



#### 1.4 Additional information

Profit or loss for 2020	-473,127
Paid equity (acc. 411)	16,970,147
Legal reserve fund (acc. 417 to 421)	654,169
Average quantity of employees	92.1
Main activity	Production, assembly and distribution of electronics parts

- the Company's accounting period is the calendar year.
- the legal form of the company is a limited liability company (s.r.o.)
- The company is 100% owned by a subsidiary in Turecku Shinheung Tr Endustriyel Sanay Ve Ticaret Limited

#### 1.5 History and subject of business

*Shin Heung Precision Slovakia s.r.o. was established on June 11, 2004, as evidenced by the entry in the Commercial Register at the District Court in Trnava, file no. : 28331 / N, 11 June 2004.*

*The Company was established by the Articles of Association of 28 April 2004 and her Amendment No. 1 dated June 7, 2004, pursuant to § 57, 105 et seq. commercial code. Since the beginning the company has been one of Samsung's leading suppliers. The basic activity of the company was the production of plastic products and metal moldings. At the same time, the production of electronic components was developed. Breakthrough 2009 - 2010, plastic production was abolished. This was moved to a sister company in Romania.*

*In 2010, production began to be centralized into Šála. This centralization culminated in 2013, when production was realized only in the production premises in Šála, the building and land in Nové Zámky were not used. In 2016 it was sold.*

*In 2014, the company expanded her production about automotive products. The location of the automotive product purchaser (DAS) is Hranice na Moravě, Czech Republic. At the same time, company has decided to establish a subsidiary, Shin Heung CZ, which was established on 13.11.2014. By mutual agreement and in order to improve mutual cooperation, the company agreed to sell the 100% share to DAS Czech Republic s.r.o Hranice na Moravě on 10.12.2018. This was renamed to DAS Welding s.r.o.*

*After the sale of the stake, the company continues to trade with both companies as DAS Czech Republic s.r.o. and DAS Welding. The years 2018 and 2019 were significant in the area of increasing production for the automotive industry.*

*The expansion of production for the automotive industry brings many new challenges as well as goals. Production for the Turkish company DAS, the Polish company Mando, the Czech company Ofir, Hanwha is expanding. All of these companies produce components for KIA, Hyundai, SEAT and BMW. However, production for Daechang SK and CZ ceased at the end of 2020, due to the fact that it did not prove to be efficient and did not reach the planned efficiency.*

*The company established a subsidiary in Turkey in 2017 (Shinheung Tr Endustriyel Sanay Ve Ticaret Limited). This company will produce metal components for the Turkish manufacturer "BECO".*

*The year 2020 was marked by the cancellation of a substantial part of production for Samsung. The cessation of production for Samsung and the Covid 19 pandemic caused a significant drop in sales and a loss.*

*Since our company did not find use for 500 and 600 ton presses, these machines were sold. Proceeds from the sale of released machinery and equipment paid for the first machinery and equipment needed for innovation and the introduction of new production - components for car batteries for electric vehicles.*

*The company has decided to invest in the development of production for the automotive industry, mainly in the production of components for car batteries for electric vehicles, and at the same time it is trying to expand production with new white goods products.*

*Production in 2021 did not bring a significant increase in production. This situation was caused by the persistence of the Covid 19 pandemic. At the same time, however, our company managed to resume production for Samsung (as a subcontractor to Bang Joo). This cooperation partially covered the loss caused by the pandemic. A new collaboration has started with new companies such as Ferropress HU. Production for NEX Plus continued to increase.*

#### **1.6 Goals and plans for the future – 2022**

*The company reassessed non-compliance with the planned sales values. The company continues to seek production expansion for Samsung SDI. Approval processes are underway - for production certification for Samsung SDI. Production is expected to expand in the second quarter of 2022.*

*Production is being prepared for a Polish company that produces automatic washing machines. This production should start in the third quarter of 2022. Production is currently being tested and new technologies are being provided.*

*As plans to develop production in 2021 (production of car battery parts) did not produce the desired results, the company must reconsider its efforts to develop this production in 2022 and strengthen associated production to cover temporary production downtime. Production for Samsung Galanta is currently resuming. For this company, the production of new products should be restarted.*

*By purchasing new technology, the company will ensure the efficient production of new products and enable the company to increase product sales and further growth of the company.*

*In 2022, the company plans to maintain the number of employees and at the same time slightly increase their number in the second half of the year.*



## **2. Mandatory information**

### **2.1 Quality management system**

*In 2021 the company works to maintaining and defend the obtained certificates (ISO:9001; ISO:14001; a OHSAS 18001). Customer satisfaction is primary for the company and her employees.*

### **2.2 Structure of production**

#### *a) Metal press: PDP*

*- Metal press - Automatic metal press - (PDP line), is engaged in the production of rear covers for audio equipment. The PDP line is a fully automated line for the production of metal stampings. After reducing production for audio equipment, part of the line began to specialize in production for the automotive industry.*

*b) Metal press - the main task of the metal press in Šala is the production of metal stampings for the automotive industry, e.g. production of metal rails for car seats, metal parts of seats, metal interior doors and others.*

*c) Assembly - during 2021, the assembly department began to re-produce some lines for audio technology and at the same time began production - assembly of some products for the automotive industry. Further increase in production per dept. assembly is planned for the second half of 2022.*

*d) Automotive - the department is mainly engaged in production for the automotive industry (DAS Czech Republic s.r.o.) and since 2018, the center has also started production for other customers in the automotive industry. Sales of products for DAS Turkey, Ofir is carried out at regular intervals. In 2021, production for the automotive industry expands with new companies such as Samsung SDI. It is also planned to expand production with components for the production of automatic washing machines*

#### **The company was employed in 2021:**

- 92,1 staff, out of which were 14 lead employees.*
- At the same time, the company provides year-round work for agency staff. The average number of agency employees in 2021 was 99. The numbers of agency employees vary as needed for production, which is affected by the amount of orders. The minimum number of agency employees in 2021 was around 65 (in the period from May to July), in the last period the number of agency employees reached 175 people per month.*

### 2.3 Balance sheet – 2021

	31. decembra 2020	31. decembra 2019	Index
<b>Assets</b>			
Non-current assets	18,663,353	19,898,627	94%
Current assets	7,573,027	7,551,901	100%
Accruals / deferrals total	66,428	21,703	306%
<b>Assets total</b>	<b>26,302,808</b>	<b>27,472,231</b>	<b>96%</b>
<b>Equity</b>			
Share capital	16,970,147	16,970,147	100%
Net profit/loss of previous years and legal reserve	-2,911,326	-2,438,199	119%
<b>Equity total</b>	<b>14,058,821</b>	<b>14,531,948</b>	<b>97%</b>
<b>Liabilities</b>			
Non-current liabilities	808,691	632,426	128%
Current liabilities	4,207,677	3,914,140	107%
Accruals / deferrals	33,167	42,490	78%
Rezerv	145,186	153,165	95%
Bank loan	7,049,266	8,198,062	86%
<b>Liabilities total</b>	<b>12,243,987</b>	<b>12,940,283</b>	<b>95%</b>

Commentary to the balance sheet - assets :

**The Company records the financial assets arising from:**

- Loan within the group: Shin Heung Electronics s.r.o. Romania - 6,050,000 euros
- SHPS records a 100% stake in ZI of the subsidiary Shin Heung TR in the amount of 10,609,425 Turkish lira, converted at the rate of NBS (31.12.2021 = 15.2335, the value of the stake is 696.453.54 euros.
- The equity of the subsidiary Shin Heung TR as of 31.12.21 is in the amount of - 8.990.726.35 TRY, i. -590,194.40 eur. The company appreciated the financial investment - a contribution to ZI Shin Heung TR using the equity method

Commentary to the balance sheet - liabilities :

- The total share capital of the company in the amount of 16970147 registered in the Commercial register is paid.
- The Company creates a statutory reserve fund in accordance to the trade. by law
- Reserves are formed mainly by reserves for unused holidays, retirement, reserve for audit of financial statement and reserve for consolidated financial statement, reserve for work-related accidents, reserve for possible costs due to a dispute caused by a work agency.
- The company has both long-term and short-term bank loans.
  - a.) the amount of long-term loans is – 0.
  - b.) the amount of short-term loans is – 7.049.266 eur - and consists of a short-term part of loans and authorized overdrafts of current accounts.

The amount of the short-term loan increased due to the drawdown of the short-term loan drawn for Shin Heung Electronics s.r.l. Romania. The parent company in Korea guarantees this loan.

Total indebtedness to banking institutions has decreased. It consists only of short-term loans and overdrafts. A substantial part of the loan is guaranteed by the parent company (Korea Exim Bank - 4,854,964). The loan was drawn for a company within the group - Shin Heung Romania. The KEI is continuously reassessed and the loan is subsequently extended. Reduction - i.e. Shin Heung Romania will then repay the mandatory installment prescribed by the bank.



## 2.4 Income statement – 2021

	31. decembra 2021	31. decembra 2020	Index
<b>Net turnover</b>	<b>16,732,201</b>	<b>31,440,745</b>	<b>0.532</b>
Revenues from sales of own products and services	15,810,902	26,037,543	0.607
Proceeds from the sale of materials, DM, goods	1,462,335	4,193,740	0.349
Other income from economic activity	1,178,173	4,651,960	0.253
<b>Operating income total</b>	<b>18,451,410</b>	<b>34,883,243</b>	<b>0.529</b>
Costs of economic activity - material, energy	11,518,634	19,560,104	0.589
Costs of construction materials, goods, DHM	1,004,151	3,417,887	0.294
Service costs, taxes	2,848,941	5,058,965	0.563
Wage costs - other personnel costs	1,811,637	2,970,256	0.610
Costs assets	1,309,400	2,014,587	0.650
Other costs of economic activity	268,222	1,749,721	0.153
<b>Operating expenses total</b>	<b>18,760,985</b>	<b>34,771,520</b>	<b>0.540</b>
<b>Profit - Loss from operations</b>	<b>-309,575</b>	<b>111,723</b>	
<b>Added value</b>	<b>1,497,748</b>	<b>1,454,834</b>	<b>1.029</b>
Income from financial activities - interest from related units.	278,170	201,472	1.381
Exchange rate gains	1,347	645	2.088
Other income from financial activities	7,500	0	0.000
<b>Income value total</b>	<b>287,017</b>	<b>202,117</b>	<b>1.420</b>
Interest expenses related to affiliated acc.entities	196,807	163,057	1.207
Other interest expenses	73,024	87,560	0.834
Exchange rate losses	679	27,107	0.025
Other expenses related to financial activities	9,894	10,600	0.933
<b>Expenses related to financial activities</b>	<b>280,404</b>	<b>288,324</b>	<b>0.973</b>
<b>Profit - Loss from financial activities</b>	<b>6,613</b>	<b>-86,207</b>	<b>-0.077</b>
<b>Profit / loss for the acc. Period before tax</b>	<b>-302,962</b>	<b>25,516</b>	<b>-11.873</b>
Income tax - current	0	86,733	0.000
Income tax - deferred	170,165	-28,536	-5.963
<b>Income tax</b>	<b>170,165</b>	<b>58,197</b>	<b>2.924</b>
<b>Profit - loss for the acc.period</b>	<b>-473,127</b>	<b>-32,681</b>	<b>14.477</b>

Comment to the profit and loss statement (income statement):

- The company has significantly improved the ratio between interest expense and interest income. ShinHeung Electroics Romania pays monthly interest on the outstanding loan.
- In the course of 2021, there was also a reduction in labor costs due to a decrease in employees compared to 2020..
- A large decrease in product sales was caused by the ongoing Covid 19 pandemic.
- Zmena výroby a s tým súvisiace náklady, ako i náklady spojené s pandémiou Covid 19 spôsobili stratu roku 2021.
- For 2022, the company has prepared a plan to increase production. It concerns the introduction of new production as well as the expansion of production for the automotive industry.

## 2.5 Basic capital

There was no change in the basic capital in 2021.



### **3. Information on events special significance**

#### **3.1 Proporsal for profit distributin - compensation of loss**

*As the company did not make a profit in 2021, it will not decide on the distribution of profits. Recognizes the accounting loss to the unpaid loss of previous periods.*

#### **3.2 Research and development costs of the accounting unit**

*the company does not bear the costs of development and research*

#### **3.3 Liabilities to the Slovak Republic**

*Shin Heung Precision Slovakia is a company that fulfills its obligations to employees and the republic without delay. All legal obligations such as payment of insurance, customs duties as of 31.12.2021 were settled. Due to the COVID 19 pandemic, the company remained liable for value added tax. With regard to the repayments of the missed tax, a repayment schedule was created to repay the debt. Other tax liabilities are paid.*

#### **3.4 Social policy, human resources**

*Shin Heung Precision is a company that seeks motivation through various forms of social benefits such as:*

- a meal allowance from the social fund,*
- secured public transport*
- regular preventive medical examinations are provided*

*Job positions in the company are constantly inspected to meet all safety conditions. The company provides quality protective equipment. Employees in all positions are regularly trained and trained to manufacture new types of products.*

#### **3.5 Information on the impact of the company's activities on the environment**

*Based on the mandatory report submitted to the district office - dept. The Šaľa company is not obliged to pay a fee for environmental pollution - emissions.*

#### **3.6 Acquisition of shares and securities**

*In 2021, SHPS did not acquire new shares and securities. The company did not issue securities (shares) that would be admitted to trading.*

#### **3.7 Significant events after the preparation of the financial statements as at 31 December 2021**

*Po zostavení účtovnej závierky, vzhľadom na skutočnosť, ktorá nastala v roku 2020-2021 v súvislosti s celosvetovo sa šíriacim ochorením COVID-19 identifikujeme potenciálny vplyv na ekonomickú situáciu našej spoločnosti. V roku 2021 došlo k významnému zníženiu výroby a tým aj celkových tržieb a k zníženiu počtu zamestnancov.*

*Pre rok 2022 je predpoklad, že sa situácia stabilizuje a dôjde a k miernemu nárastu výroby a tým aj tržieb a nie je riziko, ohrozenia nepretržitosti trvania našej spoločnosti.*

*Vojnová situácia na Ukrajine sa priebežne vyvíja a preto nie je možné v čase vydania tohto vyhlásenia kvalifikovať potenciálny vplyv na účtovnú jednotku. Akýkoľvek dopad na hospodárenie a celkovú finančnú situáciu zahrnie účtovná jednotka do účtovníctva a účtovnej závierky v roku 2022.*

#### **4. Additional information**

##### **4.1 Certificates and awards**

*In 2019, the company continued with obtain of the acquired certificates from previous periods (ISO: 9001; ISO: 14001; and OHSAS 18001).*

*At the same time in 2021 actively worked on the acquisition of TS-16949: 2009; issued by the IATF to unify the requirements of national automobile standards. Obtaining the above-mentioned certificate will enable the company to gain further opportunities for application especially in the automotive industry.*

##### **5. Attachments**

*Shin Heung Precision Slovakia s.r.o. for 2021 prepared its financial statements in the structure:*

- Financial statements of entrepreneurs in double entry accounting 2021 – appendix no. 1*
- Notes to the Financial Statements 2021 of which it is also CASH FLOW – appendix no. 2*
- Auditor 's report on the audit of the annual accounts 2021.*

*The financial statements have been prepared in accordance with Act no. 431/2002 Coll. on Accounting and Measures of the Ministry of Finance for the Compilation of Financial Statements of Entrepreneurs. As at 31 December 2020, the Company prepared its income tax return pursuant to Act No. 525/2003 Coll. on Income Taxes.*

*The audit of the financial statements was carried out by the AZS company.; (license SKAU No. 264), responsible auditor Ing. Ludmila Poláčeková, approved on VZ of .03.2021. The auditor's statement is referred to in item no. 5 annual report.*

*The audit of the financial statements was performed by the Audit Expert Company, p. r. about.; (SKAU license No. 264), responsible auditor Ing. Ludmila Poláčeková, approved by VZ. The auditor's statement is stated in point no. 5 of the annual report*



***5. Auditor's report***



### *Attachements*

- 1. Financial accounts of entrepreneurs in double - entry bookkeeping 2021*
- 2. Notes to the Financial Statements 2021*
- 3. Independent Auditor's Report on the Verification of Financial Statements to December 31 2021*

