ORACLE FINANCIAL SERVICES
SOFTWARE (SHANGHAI) LIMITED
(甲骨文金融服务软件(上海)有限公司)
(Established in the People's Republic of China
with limited liability)

Auditors' Report and Financial Statements

For the Year Ended December 31, 2019

Oracle Financial Services Software (Shanghai) Limited Auditors' Report and Financial Statements

(For the Year Ended December 31, 2019)

	Table of Contents	Page
1.	Auditors' report	1-3
2.	Financial statements	
	Statement of financial position	1-2
	Statement of comprehensive income	3
	Statement of cash flows	4
	Statement of changes in equity	5-6
	Notes to the financial statements	1-28

Auditors' Report

PCPAR (2020) No.ZA40437

To shareholders of Oracle Financial Services Software (Shanghai) Limited,

Opinion

We have audited the accompanying financial statements of Oracle Financial Services Software (Shanghai) Limited (hereafter referred to as "the Company"), which comprise the statement of financial position as at December 31, 2019, the statement of comprehensive income, statement of cash flows and statement of changes in equity for the reporting year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Accounting Standards for Business Enterprises so as to give a true and fair view of, in all material respects, the financial position of the Company as at December 31, 2019, and of the financial performance and cash flows of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Chinese Certified Public Accountants Auditing Standards. 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 Code of Professional Conduct and Ethics for Chinese Certified Public Accountants, and we have fulfiled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Accounting Standards for Business Enterprises, and for devising and maintaining a system of internal accounting controls necessary to permit the preparation of financial statements that are free from material misstatement, whether 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 going concern (if applicable), and using the going concern assumption, unless management either intends to liquidate the entity or to cease operations, or has 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 the Accounting Standards for Business Enterprises 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 the Accounting Standards for Business Enterprises, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- a) 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.
- b) 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 Company's internal control.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d) Conclude on the appropriateness of management's 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.
- e) 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.

control that we identify during our audit.	
Shu Lun Pan Certified Public Accountants LLP	Certified Public Accountant of China
	Zhang Yong

We communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal

Yang Zhenyu

Shanghai, China Date:May 20, 2020

This auditors' report and the accompanying notes to the financial statements are English translation of the Chinese auditors' report. In case of doubt as to the presentation of these documents, the Chinese version shall prevail.

Statement of Financial Position

As at December 31, 2019

(All the amounts are denominated in CNY unless otherwise stated.)

Assets	Notes	As at December 31, 2019	As at December 31, 2018
Current assets:			
Cash and cash equivalents	5.1	22,931,164.18	141,904,557.42
Trading financial assets			
Financial assets measured at fair			
value through profit and loss			
Derivative financial assets			
Notes receivable			
Accounts receivable	5.2	3,505,685.23	4,350,250.08
Accounts receivable financing			
Advances to suppliers			
Other receivables	5.3	196,493.64	596,537.48
Inventories			
Assets held for sale			
Non-current assets maturing within			
one year			
Other current assets	5.4	2,592,419.88	
Total current assets		29,225,762.93	146,851,344.98
Non-current assets:			
Debt investment			
Available-for-sale financial assets			
Other debt investment			
Held-to-maturity investments			
Long-term receivables			
Long-term equity investments			
Other equity instrument investment			
Other non-current financial assets			
Investment properties			
Fixed assets	5.5	15,671.14	93,514.11
Construction in progress			
Productive biological assets			
Oil and natural gas assets			
Intangible assets			
Development costs			
Goodwill			
Long-term deferred expenses			
Deferred tax assets			
Other non-current assets			
Total non-current assets		15,671.14	93,514.11
Total assets		29,241,434.07	146,944,859.09

The accompanying notes form an integral part of these financial statements.

Legal Representative: AVADHUT DIGAMBAR KETKAR Chief Accountant: Eileen Wong Accountant in Charge:

Statement of Financial Position (Continued)

As at December 31, 2019

(All the amounts are denominated in CNY unless otherwise stated.)

Liabilities and owners' equity	Notes	As at December 31, 2019	As at December 31, 2018
Current liabilities:	Notes	As at December 31, 2019	As at December 31, 2018
Short-term borrowings			
Trading financial liabilities			
Financial liabilities measured at fair		<u> </u>	
value through profit and loss			
Derivative financial liabilities			
Notes payable	5.6	8,828,138.18	133,145,392.96
Accounts payable	5.6	0,020,130.10	133,143,332.30
Advances from customers		1,449,605.67	02 072 12
Employee benefits payable	5.7	, ,	92,073.12
Taxes and surcharges payable	5.8	1,359,096.20	1,011,366.10
Other payables	5.9	3,919,132.45	4,529,812.94
Liabilities held for sale			
Non-current liabilities maturing within			
one year			
Other current liabilities		45 555 656 56	100 ==0 01= 10
Total current liabilities		15,555,972.50	138,778,645.12
Non-current liabilities:			
Long-term borrowings			
Bonds payable			
Including: Preference shares			
Perpetual debts			
Long-term payables			
Long-term employee benefits payable			
Provisions			
Deferred income			
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities			
Total liabilities		15,555,972.50	138,778,645.12
Owners' equity:			
Paid-in capital	5.10	6,826,400.00	6,826,400.00
Other equity instruments			
Including: Preference shares			
Perpetual debts			
Capital reserves			
Other comprehensive income			
Specific reserves			
Surplus reserves	5.11	2,239,738.73	1,726,480.64
General risk reserves			, ,
Retained profit	5.12	4,619,322.84	-386,666.67
Total owners' equity	5.12	13,685,461.57	8,166,213.97
Total liabilities and owners' equity		29,241,434.07	146,944,859.09
Total navinties and owners equity		20,2 .2, .5 1.07	= :0,5 : :,055:05

The accompanying notes form an integral part of these financial statements.

Legal Representative: AVADHUT DIGAMBAR KETKAR Chief Accountant: Eileen Wong Accountant in Charge:

Page 2

Statement of Comprehensive Income For the Year Ended December 31, 2019

(All the amounts are denominated in CNY unless otherwise stated.)

Items	Notes	2019	2019
1. Revenue from operations	Notes 5.13	42,544,458.27	2018 29,303,804.94
Less: Cost of operations	5.13	9,226,465.97	13,115,083.10
Taxes and surcharges	5.15	54,255.50	17,943.50
Selling and distribution expenses		34,233.30	17,545.50
General and administrative expenses	5 14	25,667,904.24	23,246,347.31
•	5.14	23,007,304.24	23,240,347.31
Research and development expenses		201.056.20	2 220 102 27
Financial expenses		-301,056.29	-2,239,193.37
Including: Interest expenses		F72 2F0 42	1 470 262 07
Interest income		573,358.13	1,478,262.97
Plus: Other income	5.15	48,905.44	71,791.60
Investment income ("-" for loss)			
Including: Investment income from associates and joint			
ventures			
Income from derecognition of financial assets			
measured at amortized cost			
Net exposure hedge income("-" for loss)			
Gain on changes in fair value ("-" for loss)			
Impairment of credit ("-" for loss)		-347,091.87	
Impairment of assets("-" for loss)			-466,031.16
Gain on disposal of assets ("-" for loss)			
2. Profit from operations ("-" for loss)		7,598,702.42	-5,230,615.16
Plus: Non-operating income	5.16	368,996.57	7,043,349.85
Less: Non-operating expenses			
3. Profit before tax ("-" for loss)		7,967,698.99	1,812,734.69
Less: Income tax expenses	5.17	2,448,451.39	793,553.94
4. Net profit ("-" for loss)		5,519,247.60	1,019,180.75
Gain or loss from continued operations		5,519,247.60	1,019,180.75
Gain or loss from discontinued operations			
5. Other comprehensive income net of tax			
(1) Other comprehensive income not to be reclassified as profit			
or loss			
(i) Movements arising from remeasurements of net liabilities			
or assets of the defined benefit plan			
(ii) Shares of other comprehensive income not to be			
reclassified as profit or loss in the investee under the equity method			
(iii) Changes in fair value of other equity instrument			
investments			
(iv) Changes in fair value of enterprise's own credit risk			
(2) Other comprehensive income to be reclassified as profit or			
loss			
(i) Shares of other comprehensive income to be reclassified			
as profit or loss in the investee under the equity method			
(ii) Changes in fair value of other debt investment			
(iii)Gain on changes in fair value of available-for-sale			
financial assets ("-" for loss)			
(iv) Amount of financial assets reclassified into other			
comprehensive income			
(v) Held-to-maturity investments reclassified as gain on			
available-for-sale financial assets ("-" for loss)			
(vi) Provision for credit impairment of other debt investment			
(vii) Effective gain on hedged cash flows ("-" for loss)			
(viii) Differences arising from the translation of foreign			
currency financial statements			
(ix) Others		E E10 247 C0	1 010 100 75
6. Total comprehensive income		5,519,247.60	1,019,180.75

The accompanying notes form an integral part of these financial statements.

 $Legal\ Representative:\ AVADHUT\ DIGAMBAR\ KETKAR\ Chief\ Accountant: Eileen\ Wong\ Accountant\ in\ Charge:$

Oracle Financial Services Software (Shanghai) Limited Statement of Cash Flows

For the Year Ended December 31, 2019

(All the amounts are denominated in CNY unless otherwise stated.)

T	37.	2010	2010
Items	Notes	2019	2018
1. Cash flows from operating activities			
Cash receipts from the sale of goods and the		46,460,358.53	33,572,771.60
rendering of services		.,,	
Cash receipts of tax refunds			
Other cash receipts relating to operating activities		1,158,410.00	16,851,817.64
Sub-total of cash inflows from operating activities		47,618,768.53	50,424,589.24
Cash payments for goods purchased and services received		138,228,619.49	30,548,182.62
Cash payments to and on behalf of employees		23,310,309.98	18,055,759.78
Cash payments of all types of taxes and surcharges		2,861,368.83	408,746.29
Other cash payments relating to operating			· ·
activities		1,929,622.13	7,404,964.92
Sub-total of cash outflows from operating activities		166,329,920.43	56,417,653.61
Net cash flows from operating activities		-118,711,151.90	-5,993,064.37
2. Cash flows from investing activities			
Cash receipts from disposal and redemption of			
investments			
Cash receipts from returns on investments			
Net cash receipts from disposal of fixed assets,			
intangible assets and other long-term assets			
Net cash receipts from disposal of subsidiaries and			
other business units			
Other cash receipts relating to investing activities			
Sub-total of cash inflows from investing activities			
Cash payments to purchase or construct fixed			
assets, intangible assets and other long-term assets			
Cash payments to acquire investments			
Net cash payments for acquisitions of subsidiaries			
and other business units			
Other cash payments relating to investing			
activities			
Sub-total of cash outflows from investing activities			
Net cash flows from investing activities			
3. Cash flows from financing activities			
Cash receipts from investments			
Cash receipts from absorption of borrowings			
Cash receipts from issuance of bonds			
Other cash receipts relating to financing activities			
Sub-total of cash inflows from financing activities			
Cash repayments of borrowings			
Cash payments for distribution of dividends,			
profits, or interest expenses			
Other cash payments relating to financing			
activities			
Sub-total of cash outflows from financing activities			
Net cash flows from financing activities			
4. Effect of foreign exchange rate changes on cash		262 244 24	024 664 60
and cash equivalents		-262,241.34	831,664.69
5. Net increase in cash and cash equivalents		-118,973,393.24	-5,161,399.68
Plus: Opening balance of cash and cash		141,904,557.42	147,065,957.10
equivalents			
6. Closing balance of cash and cash equivalents		22,931,164.18	141,904,557.42

The accompanying notes form an integral part of these financial statements.

 $Legal\ Representative:\ AVADHUT\ DIGAMBAR\ KETKAR\ Chief\ Accountant: Eileen\ Wong\ Accountant\ in\ Charge:$

Oracle Financial Services Software (Shanghai) Limited Statement of Changes in Equity For the Year Ended December 31, 2019

(All the amounts are denominated in CNY unless otherwise stated.)

						2019					
_	Other equity instruments			a					5		
Items	Paid-in capital	Preference shares	Perpetual debts	Others	Capital reserves	Other comprehensive income	Specific reserves	Surplus reserves	General risk reserves	Retained profit	Total owners' equity
1. Balance as at December 31, 2018	6,826,400.00								1,726,480.64	-386,666.67	8,166,213.97
Plus: Adjustments for changes in accounting											
policies											
Adjustments for correction of accounting											
errors in prior periods											
Others											
2. Balance as at January 1, 2019	6,826,400.00								1,726,480.64	-386,666.67	8,166,213.97
3. Increase in 2019 ("-" for decrease)									513,258.09		5,519,247.60
(1) Total comprehensive income										5,519,247.60	5,519,247.60
(2) Capital contributions or withdrawals by owners											
(i) Capital contributions by owners											
(ii) Capital contributions by other equity											1
instrument holders											
(iii) Share-based payments charged into owners'											1
equity											
(iv) Others											
(3) Profit distribution									513,258.09	-513,258.09	
(i) Appropriation for surplus reserves									513,258.09	-513,258.09	
(ii) Appropriation for general risk reserves											
(iii) Profit distribution to owners (or shareholders)											
(iv) Others											
(4) Internal transfer of owners' equity											
(i) Transfer of capital reserves into paid-in capital											
(or share capital)											
(ii) Transfer of surplus reserves into paid-in capital											
(or share capital)											
(iii) Surplus reserve covering losses											
(iv) Others											
(5) Special reserves											
(i) Appropriation during the current period											
(ii) Consumption during the current period											
(6) Others											
4. Balance as at December 31, 2019	6,826,400.00								2,239,738.73	4,619,322.84	13,685,461.57

The accompanying notes form an integral part of these financial statements.

Legal Representative: AVADHUT DIGAMBAR KETKAR Chief Accountant: Eileen Wong Accountant in Charge:

Oracle Financial Services Software (Shanghai) Limited **Statement of Changes in Equity (Continued)** For the Year Ended December 31, 2019

(All the amounts are denominated in CNY unless otherwise stated.)

	2018										
	5.11	Other eq	uity instrumen	ts	Capital Other comprehensive income	G 10			5	T . 1	
Items	Paid-in capital	Preference shares	Perpetual debts	Others			Specific reserves	Surplus reserves	General risk reserves	Retained profit	Total owners' equity
1. Balance as at December 31, 2017	6,826,400.00								1,726,480.64	-1,405,847.42	7,147,033.22
Plus: Adjustments for changes in accounting											
policies											
Adjustments for correction of accounting											
errors in prior periods											
Others											
2. Balance as at January 1, 2018	6,826,400.00								1,726,480.64	-1,405,847.42	7,147,033.22
3. Increase in 2018 ("-" for decrease)										1,019,180.75	1,019,180.75
(1) Total comprehensive income										1,019,180.75	1,019,180.75
(2) Capital contributions or withdrawals by owners											
(i) Capital contributions by owners											
(ii) Capital contributions by other equity											
instrument holders											
(iii) Share-based payments charged into owners'											
equity											
(iv) Others											
(3) Profit distribution											
(i) Appropriation for surplus reserves											
(ii) Appropriation for general risk reserves											
(iii) Profit distribution to owners (or shareholders)											
(iv) Others											
(4) Internal transfer of owners' equity											
(i) Transfer of capital reserves into paid-in capital											
(or share capital)											
(ii) Transfer of surplus reserves into paid-in											
capital (or share capital)											
(iii) Surplus reserve covering losses											
(iv) Others											
(5) Special reserves											
(i) Appropriation during the current period											
(ii) Consumption during the current period											
(6) Others											
4. Balance as at December 31, 2018	6,826,400.00								1,726,480.64	-386,666.67	8,166,213.97

The accompanying notes form an integral part of these financial statements.

Legal Representative: AVADHUT DIGAMBAR KETKAR

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Chief Accountant: Eileen Wong Accountant in Charge:

> Financial statements Page 6

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

(All the amounts are denominated in CNY unless otherwise stated.)

1. Company profile

Oracle Financial Services Software (Shanghai) Limited (the "Company") is a wholly owned foreign invested enterprise established by Oracle Financial Service Software Limited on February 23rd, 2010. The Company was approved by the People's Government of Shanghai with an approval certificate of SWZHPDZZ No.[2010]0477. The total investment of the Company is US\$1,420,000 and the registered capital is US\$1,000,000. The above capital contributed by the investors was verified by Shanghai Xinjie CPAs Co., Ltd. with a capital verification report of XJKSZ No. (2010) 5016.

The Company obtained the business certificate No. 91310000551510963C. The legal representative of the Company is Mr AVADHUT DIGAMBAR KETKAR. The registered address is Room806, No. 155, Tianjin Road, Huangpu District, Shanghai. The operating period is from February 23rd, 2010 to February 23rd, 2040, the operating period is 30 years. The company's principal activities is Development and production of computer software products; installation, debugging and sales of computer system integration and related software systems, as well as self-produced products; supply of technical consultation, maintenance, services, and after-sales training of software products; wholesale, import and export, as well as commission agent (auction excluded) of computer hardware and software and relevant associated components (products subject to the administration of State-run Trade not involved; products subject to the administration are applied in line with relevant national regulations).

The financial statements were approved by the board of directors of the Company on May 20, 2020.

2. Basis of preparation for financial statements

2.1 Basis of preparation for financial statements

The Company recognizes and measures its accounting items on a going concern basis in compliance with the Accounting Standards for Business Enterprises – Basic Standards and

specific accounting standards, the Application Guidance on the Accounting Standards for Business Enterprises, the Explanation on the Accounting Standards for Business Enterprises, and other relevant regulations published by the Ministry of Finance (all of which known as "the Accounting Standards for Business Enterprises") on the basis of actual transactions and events, and prepares its financial statements on the above basis.

2.2 Going concern

The Company's financial statements for the year ended December 31, 2019 were prepared on a going concern basis.

3. Principal accounting policies and accounting estimates

3.1 Statement on compliance with the Accounting Standards for Business Enterprises

The financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with the Accounting Standards for Business Enterprises.

3.2 Accounting year

The accounting year is from January 1 to December 31.

3.3 Operating cycle

The Company's operating cycle is 12 months.

3.4 Functional currency

The Company adopts CNY as the functional currency.

3.5 Recognition criteria of cash and cash equivalents

For the purpose of preparing the statement of cash flows, the term "cash equivalents" refers to short-term (maturing within three months on acquisition) and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

3.6 Accounting for foreign currency transactions and translation of foreign currency financial statements

3.6.1 Accounting for foreign currency transactions

Foreign currency transactions are translated into CNY for accounting purpose at the spot exchange rate on the day when the transaction occurs.

The exchange differences arising from balances of foreign currency monetary items are translated at the spot exchange rate prevailing at the end of the reporting period. Except those arising from specific-purpose borrowings in foreign currencies related to assets eligible for capitalization that shall be measured in accordance with principle of capitalization of the borrowing costs, other exchange differences shall be recognized in profit or loss for the current period.

3.7 Allowance for bad debts of receivables

Separate impairment tests are performed on the individually material receivables. For individually immaterial receivables, they are tested for impairment separately or as part of a portfolio with similar credit risk features. Receivables with no indication of impairment as the result of the separate impairment test (including both individually material and immaterial receivables) are tested for impairment as part of a portfolio with similar credit risk features. Receivables written down as the result of the separate impairment test are not tested for impairment again as part of a portfolio with similar credit risk features.

Among which, allowance for bad debts made by aging analysis:

	Proportion of allowance	Proportion of allowance
Aging	for bad debts of accounts	for bad debts of other
	receivable (%)	receivables (%)
Within 1 year (including 1 year)	0	
1 to 2 years	20	
2 to 3 years	75	
Over 3 years	100	

3.8 Fixed assets

3.8.1 Recognition of fixed assets

Fixed assets refer to tangible assets held for the purpose of producing commodities, providing services, renting or business management with useful lives exceeding one accounting year.

Fixed assets are recognized when all the following criteria are satisfied:

- It is probable that the economic benefits relating to the fixed assets will flow into the Company; and
- ii) The costs of the fixed assets can be measured reliably.

3.8.2 Depreciation methods of fixed assets

Depreciation is provided on a category basis using the straight-line method. The depreciation rates are determined according to the categories, estimated useful lives and estimated net residual rates of fixed assets. If the useful lives of various categories of fixed assets are different, or economic benefits are generated from various fixed assets in different ways, then different depreciation rates or methods shall be selected by the Company for the fixed assets.

The estimated depreciation methods, depreciation periods, residual rates and annual depreciation rates of fixed assets are listed by their respective categories as follows:

Categories	Depreciation methods	Depreciation periods	Residual rates (%)	Annual depreciation rates (%)
Office equipment	straight-line method	3 years	0.00	33.33
Leasehold improvement	straight-line method	83 months	0.00	1.23

3.9 Employee benefits

3.9.1 Accounting for short-term benefits

The short-term benefits incurred during the period when the employees render services to the Company shall be recognized as liabilities and charged to profit or loss for the current period or costs of relevant assets.

Social insurance fees and housing provident funds paid by the Company for the employees, as well as labor union fees and labor education fees accrued during the period when the employees render services to the Company shall be recognized as employee benefits payable according to the stipulated basis of calculation and proportion.

The employee welfare expenditure in the form of benefits in kind shall be measured at fair

value.

3.9.2 Accounting for post-employment benefits

3.9.2.1 Defined contribution plans

The Company participates in the basic pension schemes and unemployment insurance

programs as required by the local government. The Company calculates the amount payable

according to the base and proportion of payment stipulated by the local government and

recognizes the amount payable as liabilities, and charges it to profit or loss for the current

period or includes it in costs of relevant assets.

In addition, the Company has established the corporate annuities scheme. The portion paid by

the Company is accrued at a certain percentage of the total wages for the last year, and charged

into profit or loss for the current period or costs of relevant assets.

3.9.2.2 Defined benefit plans

The Company attributes the defined benefit obligations to the periods of service using the

"projected unit credit method", and recognizes them in current profit or loss or costs of relevant

assets.

The deficit or surplus arising from the present value of the defined benefit obligations

deducting fair value of the plan assets is recognized as a net liability or net asset of a defined

benefit plan. If there is a net surplus of the defined benefit plan, the Company measures the

net asset of the defined benefit plan at the lower of the net surplus of the plan or the upper limit

of the plan asset.

All contributions to a defined benefit plan, including those that are expected to be settled

within 12 months after the end of the annual reporting period in which the employee renders

the related service are discounted to their present value. The discount rate used is determined

by reference to market yields on government bonds or high quality corporate bonds at the

active market at the end of the reporting period. Currencies and terms of bond yields used must

Page 5

be consistent with the currency and estimated term of the obligation being discounted.

Notes to the financial statements

Service cost, net interest arising from net liabilities or assets of the defined benefit plan are all recognized in profit or loss or costs of relevant assets; movements arising from remeasurements of net liabilities or assets of the defined benefit plan are recognized in other comprehensive income, and they are not reversed to profit or loss in subsequent periods. When the defined benefit plan is terminated, the entire amount recognized as other comprehensive

income shall be transferred to retained profit.

At the settlement of the defined benefit plan, the difference between the present value of the defined benefit plan and the settled price at the settlement date shall be recognized as gain or loss on settlement.

3.9.3 Accounting for termination benefits

If the Company has no right to revoke plans or offer for termination of the employment relationship or the Company recognizes the cost or expenditure relevant to restructuring involving termination benefits, whichever is earlier, the termination benefits shall be recognized as provisions and charged to profit or loss for the current period.

3.10 Revenue

3.10.1 Sales of goods

Revenues from sale of goods are recognized when the Company has transferred to the buyer the significant risks and rewards of ownership of the goods; the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; it is probable that the economic benefits associated with the transaction will flow to the enterprise; and the relevant amounts of revenues and costs can be measured reliably.

3.10.2 Rendering of services

When the provision of services is started and completed within the same accounting year, the service has been provided, and when receipt of the proceeds or the evidence to receive proceeds has obtained, revenue is recognized. When the provision of services is started and completed in different accounting years and the outcome of a transaction can be estimated reliably, revenue is recognized using the percentage of completion method at the balance sheet date.

3.10.3 Alienation of assets

Interest and royalties should be recognized when both the following conditions have been satisfied: the economic benefits associated with the transactions will flow to the Company, and the amounts of the revenues can be measured reliably.

3.11 Government grants

3.11.1 Classification

Government grants refer to the monetary or non-monetary assets obtained by the Company from the government for free. Government grants are classified into government grants relating to assets and government grants relating to income.

Government grants relating to assets are those acquired by the Company for the purpose of purchasing, constructing or forming long-term assets in other ways, including fiscal grants for purchase of fixed assets or intangible assets, and subsidized interest for specific loans relating to fixed assets. Government grants relating to income are grants other than those relating to assets.

3.11.2 Timing for recognition

Besides government grants that have been obtained in accordance with the fixed quota standard and clearly stipulated in the relevant documents, government grants will be confirmed according to the actual time received; government grants that have been obtained in accordance with the fixed quota standard and clearly stipulated in the relevant documents, the amount will be confirmed in accordance with documents and fixed quota standards at the end of the year.

3.11.3 Accounting treatments

For government grants relating to assets, the carrying amounts of relevant assets shall be reversed, or they are recognized as deferred income and amortized over the useful lives of assets and charged to profit or loss for the current period by stage (those relevant to the normal operations are recognized as other income and those not are recognized as non-operating income).

Government grants relating to income to compensate future expenses or losses shall be recognized as deferred income and shall be charged to profit or loss for the current period (those relevant to the normal operations are recognized as other income and those not are recognized as non-operating income) during the period when the relevant expenses or losses are recognized, or the relevant expenses or losses shall be reversed. The government grants

relating to income to compensate incurred expenses or losses shall be directly recognized as profit or loss for the current period (those relevant to the normal operations are recognized as other income and those not are recognized as non-operating income), or the relevant expenses or losses shall be reversed.

3.12 Changes in major accounting policies and accounting estimates

3.12.1 Changes in major accounting policies

On April 30, 2019 and September 19, 2019, the financial department issued the notice on revising and printing the format of financial statements of general enterprises in 2019 (CK (2019) No. 6) and the notice on revising and printing the format of consolidated financial statements (2019) No. 16), respectively, which revised the format of financial statements of general enterprises. The main impacts of the company's implementation of the above provisions are as follows:

Content and reason of accounting policy change	approval procedure	Name and amount of affected report items
		"accounts payable" is
(ii) Add " Impairment of credit " account in the income statement, comparative data is not adjusted	Internal examination and approval	"Impairment of credit" incurred in this year: 347,091.87 yuan

3.12.2 Changes in major accounting estimates

The Company does not change the accounting estimates in the reporting period.

4. Taxation

4.1 Major tax types and tax rates

Tax types	Basis of tax assessment	Tax rates
Value added tax (VAT)	Output VAT is calculated and paid on taxable revenue, and VAT is paid at the net amounts after deducting input VAT for the current period.	16%、 13%、 6%
Urban maintenance and construction tax	Urban maintenance and construction tax is calculated and paid on actually paid business tax, VAT and excise tax.	7%
Educational surtax	Educational surtaxes are paid on turnover taxes at a tax rate of 3% and 2%	3%, 2%
Corporate income tax	Corporate income tax is calculated and paid on taxable profits.	25%

5. Notes to the main items of financial statements

5.1 Cash and cash equivalents

Items	As at December 31, 2019	As at December 31, 2018

	Foreign	Exchange	Equivalent to	Foreign	Exchange	Equivalent to
	currencies	rate	RMB	currencies	rate	RMB
Cash						
Cash in bank						
RMB	22,589,759.12		22,589,759.12	113,217,193.75		113,217,193.75
USD	48,690.77	7.0117	341,405.06	4,179,881.64	6.8632	28,687,363.67
Subtotal			22,931,164.18			141,904,557.42
Total			22,931,164.18			141,904,557.42

5.2 Accounts receivable

5.2.1 Accounts receivable

	As at December 31, 2019				As at December 31, 2018				
Categories	Carrying amounts Provisions for			bad debts Carrying amou		ounts Provisions for bad d		oad debts	
Categories	Amounts	Proport ions	Amounts	Proport ions	Amounts	Proport ions	Amounts	Proport ions	
Aging provision	4,022,377.10	100.00	516,691.87	12.85	4,519,850.08	100.00	169,600.00	37.52	
Specific identification method									
Total	4,022,377.10	100.00	516,691.87	/	4,519,850.08	100.00	169,600.00	/	

Aging provision

	A	s at Decemb	ber 31, 2019		As at December 31, 2018			
Categories	Carrying an	nounts	Provisions for bad debts		Carrying amounts		Provisions for bad debts	
	Amounts	Proporti ons	Amounts	Propo rtions	Amounts	Proporti ons	Amounts	Propo rtions
Within 1 year	2,823,542.75	70.20			3,671,850.08	81.24		
1-2 years	695,334.35	17.29	139,066.87	20.00	848,000.00	18.76	169,600.00	20.00
2-3 years	503,500.00	12.52	377,625.00	75.00				
Over 3 years								
Total	4,022,377.10	100.00	516,691.87	/	4,519,850.08	100.00	169,600.00	/

5.3 Other receivables

5.3.1 Interest receivable

Items	As at December 31, 2019	As at December 31, 2018
Term deposits		400,043.84
Total		400,043.84

5.3.2 Other receivables

	A	s at Decemb	per 31, 2019		As at December 31, 2018			
Categories	Carrying amounts		Provisions for bad debts		Carrying amounts		Provisions for bad debts	
	Amounts	Proporti ons	Amounts	Proportio ns	Amounts	Proporti ons	Amounts	Proportio ns
Aging provision	196,493.64	100.00			196,493.64	100.00		
Specific identification method								
Total	196,493.64	100.00			196,493.64	100.00		

Aging provision

Categories	A	s at Decembe	r 31, 2019		As a	at Decembe	er 31, 2018	
	Carrying amounts		Provisions for bad		Carrying amounts		Provisions for bad	
	Amounts	Proportio ns	Amounts	Proport ions	Amounts	Propor tions	Amounts	Proport ions
Within 1 year								
1-2 years								
2-3 years					3,133.44	1.59		
Over 3 years	196,493.64	100.00			193,360.20	98.41		
Total	196,493.64	100.00			196,493.64	100.00		

5.4 Other current assets

Items	As at December 31,	As at December 31,		
nems	2019	2018		
Deductible VAT	2,592,419.88			
Total	2,592,419.88			

5.5 Fixed assets

Classification of fixed assets

Items	As at December 31, 2018	Increase	Decrease	As at December 31, 2019
1.Total cost of fixed assets	1,587,624.71		47,567.55	1,540,057.16
Office equipment	825,375.45		47,567.55	777,807.90
Leasehold improvement	762,249.26			762,249.26
2.Total Accumulated depreciation	1,494,110.60	77,842.97	47,567.55	1,524,386.02
Office equipment	731,861.34	77,842.97	47,567.55	762,136.76
Leasehold improvement	762,249.26			762,249.26
3.Total net book value of fixed assets	93,514.11			15,671.14
Office equipment	93,514.11			15,671.14
Leasehold improvement				

5.6 Accounts payable

Items	As at December 31,	As at December 31,
Items	2019	2018
Within 1 year (including 1 year)	7,554,409.05	20,436,204.09
1-2 years	233,729.13	31,090,892.26
2-3 years	1,040,000.00	50,890,458.77
Over 3 years		30,727,837.84
Total	8,828,138.18	133,145,392.96

5.7 Employee benefits payable

Items	As at December 31, 2018	Accruals	Payments	As at December 31, 2019
Short-term salary	92,073.12	22,640,633.69	21,283,101.14	1,449,605.67
Total	92,073.12	22,640,633.69	21,283,101.14	1,449,605.67

5.8 Taxes and surcharges payable

Items	As at December 31, 2019	As at December 31, 2018
Value-added tax		105,018.16
Individual income tax	101,272.59	112,794.00
Company income tax	1,257,823.61	793,553.94
Total	1,359,096.20	1,011,366.10

5.9 Other payables

Items	As at December 31,	As at December 31,	
TOTALS	2019	2018	
Within 1 year (including 1 year)	2,034,589.17	3,805,032.80	
1-2 years	1,189,657.14	724,254.81	
2-3 years	694,886.14		
Over 3 years		525.33	
Total	3,919,132.45	4,529,812.94	

5.10 Paid-in capital

	As at December 31, 2018			As at Decemb	per 31, 2019	
Investees	Investment	Proportions	Increase	Decrease	Investment	Proportions
	amounts		amounts	Troportions		
Oracle Financial	6,826,400.00	100.00			6,826,400.00	100.00
Service						

Software			
Limited			

Remark: the paid-in capital was verified by Xinjie CPAs Co with the Capital Verification Report HYHZ (2010) No. 5016.

5.11 Surplus reserves

Items	As at December 31, 2018	Increases	Decreases	As at December 31, 2019
Statutory surplus reserves	1,726,480.64	513,258.09		2,239,738.73
Total	1,726,480.64	513,258.09		2,239,738.73

5.12 Retained profit

Items	As at December 31, 2019	As at December 31, 2018	
Opening balances of retained profit	-386,666.67	-1,405,847.42	
Adjustment Retained profit (plus+, less-)			
Opening balances of retained profit after adjustment	-386,666.67	-1,405,847.42	
Plus: Net profit ("-" for loss)	5,519,247.60	1,019,180.75	
Less: Appropriation of statutory surplus reserves	513,258.09		
Appropriation of discretionary surplus reserves			
Appropriation of general risk reserves			
Dividends payable			
Closing balances of retained profit	4,619,322.84	-386,666.67	

5.13 Revenue from operations and cost of operations

	2019		2018		
Items	Revenue	Cost	Revenue	Cost	
Major operations					
License-Old Contract	-292,161.42	-233,729.10	1,155,555.71	924,444.57	
Out of Pocket expense-Old Contract	841,856.25	841,856.25	39,751.74	39,751.74	
Implementation/ customization services-Old Contract	-1,633,249.75	-1,306,598.81	3,816,580.20	3,053,264.17	
Support(annual maintenance)-Old Contract	-420,394.60	-336,315.68	3,302,412.56	2,641,930.06	
Primesourcing-Old Contract					
Implementation/ customization services(Correction)-Old Contract		-20,059.37		-11,156.82	
Out of Pocket expense(Correction)-Old Contract		13,586.39		153,938.56	
License-New Contract	748,513.26	389,226.90			
Out of Pocket expense-New	1,129,146.48	1,129,146.46	467,702.81	467,702.81	
Implementation/ customization services-New Contract	8,151,449.01	4,238,752.73	6,443,442.67	3,350,590.07	
Support(annual maintenance)-New Contract	5,977,950.01	3,108,534.00	3,810,000.00	1,981,200.00	
Primesourcing-New Contract	28,041,349.03	1,402,066.20	10,268,359.25	513,417.94	
Total	42,544,458.27	9,226,465.97	29,303,804.94	13,115,083.10	

5.14 General and administrative expenses

Items	2019	2018
Salary exepnses	15,734,586.61	14,558,655.91
Social Insurance	2,672,317.83	3,512,560.00
Labour Union fee	332,072.27	391,653.64
Travel expenses	3,453,893.53	2,655,037.64
Communication expenses	56,345.48	73,862.07
Entertainment Expenses	7,513.58	14,039.63
Commercial Insurance	1,466,359.18	-7,308.59
Staff training fee	6,237.77	-
Individual Income Tax	43,911.79	56,447.90
Rental	778,788.07	854,355.28
Management fee	117,647.21	117,647.21
Utility charge	54,170.10	70,230.34
Logistics support cost	84,684.63	54,975.50
Administrative expenses	129,701.17	82,601.17
Audit fee	107,328.00	107,128.30
Depreciation cost	77,842.97	129,624.66
Consultancy expenses	648,267.43	329,590.80
Courier charge	5,141.64	69,871.24
Labor dispatch fee	47,700.00	114,480.00
Other	-156,605.02	60,894.61
Total	25,667,904.24	23,246,347.31

5.15 Other income

Items	2019	2018
Return of processing fees for individual income tax	48,905.44	71,791.60
Total	48,905.44	71,791.60

5.16 Non-operating income

Items	2019	2018	
Debt Forgiveness	297,415.58	7,043,349.85	
Others (audit error correction & Pfund gain)	71,580.99		
Total	368,996.57	7,043,349.85	

5.17 Income tax expenses

Breakdown of income tax expenses

Items	2019	2018
Current income tax expense	2,448,451.39	793,553.94
Total	2,448,451.39	793,553.94

5.18 Supplementary information of the statement of cash flows

5.18.1 Supplementary information of the statement of cash flows

Items	2019	2018
1. Adjustments to reconcile net profit to net cash flows		
in operating activities:		
Net profit	5,519,247.60	1,019,180.75
Plus: Provision for impairment of assets	347,091.87	466,031.16
Depreciation of fixed assets, etc.	77,842.97	129,624.66
Amortization of intangible assets		
Amortization of long-term deferred expenses		
Loss on disposal of fixed assets, intangible assets		
and other long-term assets ("-"for gain)		
Loss on scrap of fixed assets ("-"for gain)		
Loss on changes in fair value ("-"for gain)		
Financial expense ("-"for gain)	262,241.34	-831,664.69

Items	2019	2018
Investment loss ("-"for gain)		
Decrease in deferred tax assets ("-" for increase)		
Increase in deferred tax liabilities ("-" for		
decrease)		
Decrease in inventories ("-"for increase)		
Decrease in operating receivables ("-"for increase)	-1,694,903.14	20,015,669.19
Increase in operating payables ("-"for decrease)	-123,222,672.54	-26,791,905.44
Others		
Net cash flows from operating activities	-118,711,151.90	-5,993,064.37
2. Net increase in cash and cash equivalents		
Cash and cash equivalents at the end of the year	22,931,164.18	141,904,557.42
Less: Cash and cash equivalents at the beginning of the year	141,904,557.42	147,065,957.10
Net increase in cash and cash equivalents	-118,973,393.24	-5,161,399.68

5.18.2 Breakdown of cash and cash equivalents

Items	2019	2018
1. Cash	22,931,164.18	141,904,557.42
Including: Cash on hand		
Cash at bank readily available for payments	22,931,164.18	141,904,557.42
Other cash and cash equivalents readily		
available for payments		
2. Cash equivalents		
Including: Bond investments maturing within three months		
3. Cash and cash equivalents	22,931,164.18	141,904,557.42
Including: Restricted cash and cash equivalents in the		
parent company or subsidiaries of the Group		

6. Related parties and related party transactions

6.1 The parent of the Company

Company name	Registered address	Business nature	Percentage of shareholding in the Company	Percentage of shareholding with voting rights in the Company
Oracle Financial Service Software Limited	India	Software Service	100.00	100.00

6.2 Related party transactions

6.2.1 Sale of goods/provision of services and purchase of goods/receipt of services

Purchase of goods/receipt of services

Related parties	Description of transactions	2019	2018
Oracle Corporation Australia Pty Limited	Revenues of consulting services	-1,633,249.75	
Oracle Corporation Australia Pty Limited		841,856.25	
	Revenues of licenses	456,351.85	655,555.71
	Revenues of tech-	3,526,529.61	3,783,542.74
Total	**	3,191,487.96	4,439,098.45

Sale of goods/provision of services

Related parties	Description of transactions	2019	2018
Oracle Financial Service Software Limited	Cost of licenses	155,497.80	924,444.57
Oracle Financial Service Software Limited	Cost of implementation services	3,183,942.02	5,536,725.29
Oracle Financial Service Software Limited	Cost of maintenance services	3,902,437.05	5,992,520.13

Related parties	Description of transactions	2019	2018
Oracle Financial Service	Cost of Out of Pocket	1.004.500.10	661 202 11
Software Limited	expense	1,984,589.10	661,393.11
Total		9,226,465.97	13,115,083.10

6.2.2 Receivables and payables with related parties

Receivables

		As at December 31, 2019		As at December 31, 2018	
Items	Related parties	Carrying amounts	Allowanc e for bad debts	Carrying amounts	Allowanc e for bad debts
Accounts receivable					
	Oracle (China) Software Systems Company			1,289,069.89	
	Oracle Corporation Australia Pty Limited	165,334.35		165,334.35	

Payables

Items	Related parties		As at December 31, 2019	As at December 31, 2018
Accounts payable				
	Oracle	Financial		
	Service	Software	8,828,138.18	133,145,392.96
	Limited			

7 Commitments and contingencies

The Company has no commitments and contingencies to be disclosed.

8 Subsequent events

The Company has considered the possible effects that may result from the pandemic relating to Covid-19 on the carrying value of Trade receivables, Unbilled receivables and Other assets, which are not significant to the standalone financial statements for the year ended December 31, 2019. In assessing the recoverability of these assets, the Company has used internal and external sources of information up to the date of approval of these standalone financial statements, and based on current estimates, expects the net carrying amount of these assets will be recovered. The impact on account of Covid-19 on the Company's financial statements may differ from the estimates as at the date of approval of these standalone financial statements. The Company will continue to monitor any material impact due to changes in future economic conditions.

9 Other significant events

The Company has no other significant events to be disclosed.

Oracle Financial Services Software (Shanghai) Limited (The official seal) May 20, 2020

Oracle Financial Services Software (Shanghai) Limited Adjustment of Taxable Income For Year 2019

Monetary Unit: CNY

No.	Items	Taxable Amount	
1	Profits for the year 2019		7,967,698.99
2	Adjustments	Increases	Decreases
	Payroll	1,525,180.52	166,487.26
	Entertainment expenses	3,005.43	
	Intertemporal deductions		
	Expenditure unrelated to income		
	Others	56,478.07	
	Depreciation and amortization of assets	60,837.94	
	Provisions for bad debts	347,091.87	
	Losses of assets		
	Special tax adjustments made to the taxable income		
	Total adjustments	1,992,593.83	166,487.26
3	Taxable income after adjustment		9,793,805.56
4	Tax loss brought forward from prior years		
5	Taxable income for Year 2019		2,448,451.39

Remark: Only relevant tax items are included in the above statement, which serves as reference for tax settlement.

The taxable income (or the compensatory amount to losses before tax) shall be finalized after the review of the tax institution in charge.