

**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, 2017



Oracle Financial Services Software (Shanghai) Limited

Auditors' Report and Financial Statements

(For the Year Ended December 31, 2017)

KCPAR (2015) No.241602

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Responsibility of management for the financial statements

Management is responsible for preparing financial statements that give a true and fair view in accordance with the provisions of the Standards for Business Enterprises, and for devising and maintaining a system of internal accounting controls (as applicable) 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 (where applicable) any going concern related matters, and using the going concern assumption unless management either intends to liquidate the entity or to cease operations, or has no other realistic alternative to do so.



Auditors' Report

PCPAR (2018) No.ZA30602

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, 2017, 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, 2017, 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 fulfilled 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.

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 control that we identify during our audit.

Shu Lun Pan Certified Public Accountants LLP

Certified Public Accountant of China

Zhang Yong



Yang Zhenyu



Shanghai, China

Date: May 30, 2018

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.

Oracle Financial Services Software (Shanghai) Limited

Statement of Financial Position

As at December 31, 2017 年 12 月 31 日

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

Assets	Notes	As at December 31, 2017	As at December 31, 2016
Current assets:			
Cash and cash equivalents	5.1	147,065,957.10	166,931,064.96
Financial assets measured at fair value through profit and loss		-	-
Derivative financial assets		-	-
Notes receivable		-	-
Accounts receivable	5.2	6,962,062.56	12,068,672.61
Advances to suppliers	5.3	320,660.68	70,829.41
Interest receivable	5.4	275,585.75	237,551.91
Dividends receivable		-	-
Other receivables	5.5	4,634,575.27	265,819.52
Inventories		-	-
Assets held for sale		-	-
Non-current assets maturing within one year		-	-
Other current assets	5.6	3,001,428.33	1,343,040.39
Total current assets		162,260,269.69	180,916,978.80
Non-current assets:			
Available-for-sale financial assets		-	-
Held-to-maturity investments		-	-
Long-term receivables		-	-
Long-term equity investments		-	-
Investment properties		-	-
Fixed assets	5.7	223,138.77	388,109.48
Construction in progress		-	-
Project materials		-	-
Disposal of fixed assets		-	-
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		223,138.77	388,109.48
Total assets		162,483,408.46	181,305,088.28

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 Financial Position (Continued)

As at December 31, 2017 年 12 月 31 日

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

Liabilities and owners' equity	Notes	As at December 31, 2017	As at December 31, 2016
Current liabilities:			
Short-term borrowings		-	-
Financial liabilities measured at fair value through profit and loss		-	-
Derivative financial liabilities		-	-
Notes payable		-	-
Accounts payable	5.8	150,114,693.59	163,977,768.68
Advances from customers	5.9	1,042,770.35	1,871,373.81
Employee benefits payable	5.10	1,582,754.91	2,938,660.71
Taxes and surcharges payable	5.11	163,675.30	1,133,434.62
Interest payable		-	-
Dividends payable		-	-
Other payables	5.12	2,432,481.09	1,008,635.35
Liabilities held for sale		-	-
Non-current liabilities maturing within one year		-	-
Other current liabilities		-	-
Total current liabilities		155,336,375.24	170,929,873.17
Non-current liabilities:			
Long-term borrowings		-	-
Bonds payable		-	-
Including: Preference shares		-	-
Perpetual debts		-	-
Long-term payables		-	-
Long-term employee benefits payable		-	-
Specific items payable		-	-
Provisions		-	-
Deferred income		-	-
Deferred tax liabilities		-	-
Other non-current liabilities		-	-
Total non-current liabilities			
Total liabilities		155,336,375.24	170,929,873.17
Owners' equity:			
Paid-in capital	5.13	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	5.14	1,726,480.64	1,726,480.64
General risk reserves		-	-
Retained profit	5.15	-1,405,847.42	1,822,334.47
Total owners' equity		7,147,033.22	10,375,215.11
Total liabilities and owners' equity		162,483,408.46	181,305,088.28

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 Comprehensive Income
For the Year Ended December 31, 2017**

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

Items	Notes	2017	2016
1. Revenue from operations	5.16	37,955,726.08	47,867,184.52
Less: Cost of operations	5.16	30,548,442.40	38,847,275.82
Taxes and surcharges		94,377.93	-18,417.82
Selling and distribution expenses		-	-
General and administrative expenses		8,817,771.42	11,055,559.86
Financial expenses		1,645,831.39	-1,508,238.53
Impairment of assets		87,999.43	108,107.63
Plus: Gain on changes in fair value ("-" for loss)		-	-
Investment income ("-" for loss)		-	-
Including: Investment income from associates and joint ventures		-	-
Gain on disposal of assets ("-" for loss)		-	-
Other income		-	-
2. Profit from operations ("-" for loss)		-3,238,696.49	-617,102.44
Plus: Non-operating income	5.17	24,087.60	128,634.10
Less: Non-operating expenses	5.18	13,573.00	1,210,601.26
3. Profit before tax ("-" for loss)		-3,228,181.89	-1,699,069.60
Less: Income tax expenses	5.19		914,618.49
4. Net profit ("-" for loss)		-3,228,181.89	-2,613,688.09
Gain or loss from continued operations		-3,228,181.89	-2,613,688.09
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		-	-
(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) Gain on changes in fair value of available-for-sale financial assets ("-" for loss)		-	-
(iii) Held-to-maturity investments reclassified as gain on available-for-sale financial assets ("-" for loss)		-	-
(iv) Effective gain on hedged cash flows ("-" for loss)		-	-
(v) Differences arising from the translation of foreign currency financial statements		-	-
(vi) Others		-	-
6. Total comprehensive income		-3,228,181.89	-2,613,688.09

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, 2017
(All the amounts are denominated in CNY unless otherwise stated.)

Items	Notes	2017	2016
1. Cash flows from operating activities			
Cash receipts from the sale of goods and the rendering of services		42,233,732.67	47,390,246.38
Cash receipts of tax refunds		-	-
Other cash receipts relating to operating activities		37,512,197.90	38,222,853.12
Sub-total of cash inflows from operating activities		79,745,930.57	85,613,099.50
Cash payments for goods purchased and services received		44,661,348.76	54,652,067.45
Cash payments to and on behalf of employees		23,439,861.01	20,034,300.49
Cash payments of all types of taxes and surcharges		7,814,260.83	2,501,726.37
Other cash payments relating to operating activities		20,775,588.05	33,667,126.62
Sub-total of cash outflows from operating activities		96,691,058.65	110,855,220.93
Net cash flows from operating activities		-16,945,128.08	-25,242,121.43
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		95,017.51	31,408.44
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		95,017.51	31,408.44
Net cash flows from investing activities		-95,017.51	-31,408.44
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 and cash equivalents		-2,824,962.27	-253,419.72
5. Net increase in cash and cash equivalents		-19,865,107.86	-25,526,949.59
Plus: Opening balance of cash and cash equivalents		166,931,064.96	192,458,014.55
6. Closing balance of cash and cash equivalents		147,065,957.10	166,931,064.96

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, 2017

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

Items	Paid-in capital	Other equity instruments		Capital reserves	Other comprehensive income	Specific reserves	Surplus reserves	General risk reserves	Retained profit	Total owners' equity
		Preference shares	Perpetual debits							
1. Balance as at December 31, 2016	6,826,400.00	-	-	-	-	-	-	1,726,480.64	1,822,334.47	10,375,215.11
Plus: Adjustments for changes in accounting policies	-	-	-	-	-	-	-	-	-	-
Adjustments for correction of accounting errors in prior periods	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-
2. Balance as at January 1, 2017	6,826,400.00	-	-	-	-	-	-	1,726,480.64	1,822,334.47	10,375,215.11
3. Increase in 2017 ("+" for decrease)	-	-	-	-	-	-	-	-	-3,228,181.89	-3,228,181.89
(1) Total comprehensive income	-	-	-	-	-	-	-	-	-3,228,181.89	-3,228,181.89
(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, 2017	6,826,400.00	-	-	-	-	-	-	1,726,480.64	-1,405,847.42	7,147,033.22

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, 2017
 (All the amounts are denominated in CNY unless otherwise stated.)

Items	2016					Total owners' equity				
	Paid-in capital	Other equity instruments		Capital reserves	Other comprehensive income		Specific reserves	Surplus reserves	General risk reserves	Retained profit
		Preference shares	Perpetual debts	Others						
1. Balance as at December 31, 2015	6,826,400.00	-	-	-	-	-	-	1,726,480.64	4,436,022.56	12,988,903.20
Plus: Adjustments for changes in accounting policies	-	-	-	-	-	-	-	-	-	-
Adjustments for correction of accounting errors in prior periods	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-
2. Balance as at January 1, 2016	6,826,400.00	-	-	-	-	-	-	1,726,480.64	4,436,022.56	12,988,903.20
3. Increase in 2016 ("-" for decrease)	-	-	-	-	-	-	-	-	-2,613,688.09	-2,613,688.09
(1) Total comprehensive income	-	-	-	-	-	-	-	-	-2,613,688.09	-2,613,688.09
(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, 2016	6,826,400.00	-	-	-	-	-	-	1,726,480.64	1,822,334.47	10,375,215.11

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

(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 of quota and licensing are applied in line with relevant national regulations).

The financial statements were approved by the board of directors of the Company on May 31st, 2018.

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, 2017 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, 2017, 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 Financial instruments

Financial instruments include financial assets, financial liabilities and equity instruments.

3.7.1 Classification of financial instruments

Financial assets and liabilities are classified into the following categories according to the purpose of acquisition: the financial assets or financial liabilities measured at fair value through profit and loss, including financial assets or financial liabilities held for trading and those financial assets or financial liabilities directly designated to be measured at fair value through profit and loss, held-to-maturity investments, receivables, available-for-sale financial assets and other financial liabilities, etc.

3.7.2 Recognition and measurement of financial instruments

3.7.2.1 Financial assets (or financial liabilities) measured at fair value through profit and loss

Financial assets/liabilities are initially measured at fair value when acquired (deducting cash dividends that have been declared but not distributed and bond interest that has matured but not yet been retrieved). Relevant transaction costs are charged to profit or loss for the current period. The interest or cash dividends received are recognized as investment income during the holding period.

Interest or cash dividends received during the holding period are recognized as investment income, and changes in fair value are charged to profit or loss for the current period at year end.

Differences between the fair value and initial book value are recognized as investment

income upon disposal, and gain or loss on changes in fair value is adjusted at the same time.

3.7.2.2 Held-to-maturity investments

Held-to-maturity investments are initially measured at fair value (deducting bond interest that has matured but not but not yet been retrieved) plus relevant transaction costs when acquired.

Interest income is recognized as investment income based on the amortized cost and effective interest rate. If the difference between the effective interest rate and coupon rate is negligible, the coupon rate is applicable. The effective interest rate is determined upon acquisition and remains unchanged during the expected remaining period, or a shorter period if applicable.

Differences between the proceeds and book value of the investments are recognized as investment income on disposal.

3.7.2.3 Receivables

The debtors arising from selling goods or rendering services by the Company and other debtors from other enterprises held by the Company (excluding liability instruments quoted in an active market), including accounts receivable, other receivables, etc., are initially recognized at the contract or agreement price. If the receivable is financing in nature, it shall be initially recognized at present value.

Differences between the amounts received and book value of the receivables are charged to profit or loss for the current period upon collection or disposal.

3.7.2.4 Available-for-sale financial assets

Available-for-sale financial assets are initially measured at fair value (deducting cash dividends that have been declared but not distributed and bond interest that has matured but not yet been retrieved) plus transaction costs when acquired.

The interest and cash dividends received during the holding period are recognized as investment income. Available-for-sale financial assets are measured at fair value at year end, and the amount of changes in fair value is charged to other comprehensive income. However,

investments in equity instruments not quoted in an active market and with no reliable fair value measurement (and derivatives indexed to such equity instruments and settled by delivery of such equity instruments) should be measured at cost.

Differences between the proceeds and the book value of the financial assets are recognized as gain or loss on investment upon disposal. Meanwhile, the accumulated changes in fair value of the disposed assets which are previously recognized as other comprehensive income are transferred to profit or loss for the current period.

3.7.2.5 Other financial liabilities

Other financial liabilities are initially recognized at fair value plus transaction cost. The subsequent measurement is based on amortized cost.

3.7.3 Recognition and measurement for transfer of financial assets

If the Company has transferred nearly all of the risks and rewards relating to the ownership of the financial assets to the transferee, they shall be derecognized. If it retains nearly all of the risks and rewards relating to the ownership of the financial assets, they shall not be derecognized.

Substance over form principle is adopted to determine whether the transfer of financial assets can satisfy the criteria as described above for derecognition. The Company shall classify the transfer of financial assets into the entire transfer and the partial transfer. If the transfer of entire financial assets satisfy the criteria for derecognition, differences between the amounts of the following two items shall be recognized in profit or loss for the current period:

- i) The carrying amount of the transferred financial asset;
- ii) The aggregate consideration received from the transfer plus the cumulative amounts of the changes in the fair value originally recognized in the owners' equity (in the event that the transferred financial assets are available-for-sale financial assets).

If the partial transfer of financial assets satisfy the criteria for derecognition, the carrying amounts of the entire financial assets transferred shall be split into the derecognized and recognized parts according to their respective fair value and differences between the amounts

of the following two items are charged to profit or loss for the current period:

- i) The carrying amounts of the derecognized parts;
- ii) The aggregate consideration for the derecognized parts plus the portion of the accumulative amounts of the changes in the fair value of the derecognized parts which are originally recognized in the owners' equity (in the event that the transferred financial assets are available-for-sale financial assets):

If the transfer of financial assets does not satisfy requirements for derecognition, the financial assets shall continue to be recognized, and the consideration received will be recognized as financial liabilities.

3.7.4 Requirements for derecognition of financial liabilities

Financial liabilities shall be entirely or partially derecognized if the present obligations derived from them are entirely or partially discharged. If the Company enters into an agreement with a creditor so as to substitute the current financial liabilities with new ones, and the contract clauses of which are substantially different from those of the current ones, it shall recognize the new financial liabilities in place of the current ones.

If substantial revisions are made to some or all of the contract clauses of the current financial liabilities, the Company shall recognize the new financial liabilities after revision of the contract clauses in place of the current ones entirely or partially.

Upon entire or partial derecognition of financial liabilities, differences between the carrying amounts of the derecognized financial liabilities and the consideration paid (including non-monetary assets surrendered or new financial liabilities assumed) are charged to profit or loss for the current period.

If the Company redeems part of its financial liabilities, it shall allocate the carrying amounts of the entire financial liabilities between the relative fair value of the parts that continue to be recognized and the derecognized parts on the redemption date. Differences between the carrying amounts allocated to the derecognized parts and the consideration paid (including non-monetary assets surrendered and the new financial liabilities assumed) are charged to profit or loss for the current period.

3.7.5 Determination of fair values of financial assets and financial liabilities

Quoted market prices in an active market are the best evidence of fair value and should be used, where they exist, to measure the financial instrument. If a market for a financial instrument is not active, the Company establishes fair value by using a valuation technique. The Company uses a valuation technique appropriate in the circumstances and for which sufficient data and other information are available to measure fair value, selecting the inputs pursuant to the characteristics of the asset or liability being measured that a market participant would take into account, and giving priority to the use of relevant observable inputs. Only when such observable inputs are not available or impossible to obtain shall unobservable inputs be used instead.

3.7.6 Tests and accounting for provisions for impairment loss on financial assets (excluding receivables)

Except financial assets measured at fair value through profit and loss, the Company performs impairment tests on the carrying amounts of all other financial assets at the end of the reporting period, and makes provisions for impairment loss on financial assets where there is any objective evidence that they have been impaired.

3.7.6.1 Provisions for impairment loss on available-for-sale financial assets

If the fair value of available-for-sale financial assets have significantly declined at the period end, or it is expected that the trend of decreases in value is non-temporary after consideration of all the relevant factors, impairment shall be recognized, and accumulated decreases in fair value previously charged directly to owners' equity are reversed and recognized as impairment loss.

For an available-for-sale debt instrument for which an impairment loss has been recognized, if its fair value rises subsequently and the rise is related to the events after the recognition of the impairment loss, the originally recognized impairment loss can be reversed and charged to profit or loss for the current period.

The impairment loss for available-for-sale equity instruments should not be reversed through profit or loss.

3.7.6.2 Provisions for impairment loss on held-to-maturity investments

Measurement of provisions for impairment loss on held-to-maturity investments is similar to that applicable to provisions for impairment loss on receivables.

3.8 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:

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

3.9 Fixed assets**3.9.1 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:

- i) 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.

3.9.2 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

3.10 Employee benefits

3.10.1 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.

3.10.2 Accounting for post-employment benefits

3.10.2.1 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.

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

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.

3.10.3 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.

3.11 Revenue

3.11.1 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.

3.11.2 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.

3.11.3 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.

3.12 Government grants

3.12.1 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.

3.12.2 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.

3.12.3 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.

3.13 Changes in major accounting policies and accounting estimates

3.13.1 Changes in major accounting policies

3.13.1.1 Implementation of “the Accounting Standards for Business Enterprises No.42 –Non-current assets held for sale, disposal groups and discontinued operations” and “the Accounting Standards for Business Enterprises No.16 – Government grants”

The Ministry of Finance promulgated “the Accounting Standards for Business Enterprises No.42 – Non-current assets held for sale, disposal groups and discontinued operations” in 2017, which took effect on May 28, 2017, requiring the prospective application method to be adopted for the accounting treatment of non-current assets held for sale, disposal groups and discontinued operations that existed on May 28, 2017.

The Ministry of Finance revised “the Accounting Standards for Business Enterprises No.16 – Government grants” in 2017, which took effect on June 12, 2017, requiring the prospective application method to be adopted for the accounting treatment of government grants that existed on January 1, 2017, and those arising between January 1, 2017 and June 12, 2017 shall be adjusted in accordance with the revised standard.

The Ministry of Finance has promulgated the Notice on the Revision of the Format of the Financial Statements of General Enterprises for Issuance in 2017, which revised the format of the financial statements of general enterprises and is applicable to the financial statements for 2017 and subsequent accounting periods.

Major impacts of the above three standards on the Company are summarized below:

Changes in accounting policies and their reasons	Approval procedures	Affected accounting items and amounts
(1) Gain or loss from continued operations and discontinued operations are presented separately in the statement of comprehensive income. Comparative data is adjusted accordingly.	N/A	Gain or loss from continued operations for the reporting period amounted to CNY -3,779,296.39; gain or loss from discontinued operations for the reporting period amounted to CNY 0.00
(2) For certain government grants relating to assets, the carrying amounts of relevant assets are reversed. Comparative data is not adjusted.	N/A	Fixed assets were reduced by CNY 0.00.

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Changes in accounting policies and their reasons	Approval procedures	Affected accounting items and amounts
(3) For certain government grants relating to income, the relevant expenses or losses are reversed. Comparative data is not adjusted.	N/A	General and administrative expenses were reduced by CNY 0.00.
(4) Certain government grants relating to the normal operations are recognized as other income, rather than non-operating income. Comparative data is not adjusted.	N/A	Other income amounted to CNY 0.00.
(5) A new item of "gain or loss on disposal of assets" is presented in the statement of comprehensive income, into which the gain or loss on disposal of assets originally presented as "non-operating income" is reclassified. Comparative data is adjusted accordingly.	N/A	Non-operating income was reduced by CNY 0.00 and reclassified into gain or loss on disposal of assets.

3.13.2 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.	17%、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%

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Tax types	Basis of tax assessment	Tax rates
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, 2017			As at December 31, 2016		
	Foreign currencies	Exchange rate	Equivalent to RMB	Foreign currencies	Exchange rate	Equivalent to RMB
Cash						
Cash in bank						
RMB			97,735,150.45			130,553,956.12
USD	7,549,632.19	6.534	49,330,806.65	5,243,925.16	6.9370	36,377,108.84
Subtotal			147,065,957.10			166,931,064.96
Total			147,065,957.10			166,931,064.96

5.2 Accounts receivable

Categories	As at December 31, 2017				As at December 31, 2016			
	Carrying amounts		Provisions for bad debts		Carrying amounts		Provisions for bad debts	
	Amounts	Proportions	Amounts	Proportions	Amounts	Proportions	Amounts	Proportions
Aging provision	16,775,348.63	100.00	9,813,286.07	58.50	21,793,959.25	100.00	9,725,286.64	44.62
Specific identification method								
Total	16,775,348.63	100.00	9,813,286.07	58.50	21,793,959.25	100.00	9,725,286.64	44.62

Aging provision

Categories	As at December 31, 2017		As at December 31, 2016	
	Carrying amounts	Provisions for bad debts	Carrying amounts	Provisions for bad debts

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	Amounts	Proportions	Amounts	Proportions	Amounts	Proportions	Amounts	Proportions
Within 1 year	6,962,062.56	41.50			11,980,673.18	54.97		
1-2 years								
2-3 years					351,997.73	1.62	263,998.30	75.00
Over 3 years	9,813,286.07	58.50	9,813,286.07	100.00	9,461,288.34	43.41	9,461,288.34	100.00
Total	16,775,348.63	100.00	9,813,286.07	/	21,793,959.25	100.00	9,725,286.64	/

5.3 Advances to suppliers

Aging	As at December 31, 2017		As at December 31, 2016	
	Amounts	Proportion (%)	Amounts	Proportion (%)
Within 1 year	320,660.68	100.00	70,829.41	100.00
Total	320,660.68	100.00	70,829.41	100.00

5.4 Interest receivable

Items	As at December 31, 2017	As at December 31, 2016
Term deposits	275,585.75	237,551.91
Total	275,585.75	237,551.91

5.5 Other receivables

Categories	As at December 31, 2017				As at December 31, 2016			
	Carrying amounts		Provisions for bad debts		Carrying amounts		Provisions for bad debts	
	Amounts	Proportions	Amounts	Proportions	Amounts	Proportions	Amounts	Proportions
Aging provision	4,634,575.27	100.00			265,819.52	100.00		
Specific identification method								
Total	4,634,575.27	100.00			265,819.52	100.00		

Aging provision

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Categories	As at December 31, 2017				As at December 31, 2016			
	Carrying amounts		Provisions for bad debts		Carrying amounts		Provisions for bad debts	
	Amounts	Proportions	Amounts	Proportions	Amounts	Proportions	Amounts	Proportions
Within 1 year	4,420,203.43	95.37			54,581.12	20.53		
1-2 years	3,133.44	0.07						
2-3 years					36,042.00	13.56		
Over 3 years	211,238.40	4.56			175,196.40	65.91		
Total	4,634,575.27	100.00			265,819.52	100.00		

5.6 Other current assets

Items	As at December 31, 2017	As at December 31, 2016
Deductible VAT	3,001,428.33	1,343,040.39
Total	3,001,428.33	1,343,040.39

5.7 Fixed assets

Classification of fixed assets

Items	As at December 31, 2016	Increase	Decrease	As at December 31, 2017
1. Total cost of fixed assets	1,594,455.95	95,017.51		1,689,473.46
Office equipment	832,206.69	95,017.51		927,224.20
Leasehold improvement	762,249.26			762,249.26
2. Total Accumulated depreciation	1,206,346.47	259,988.22		1,466,334.69
Office equipment	558,150.48	154,857.09		713,007.57
Leasehold improvement	648,195.99	105,131.13		753,327.12
3. Total net book value of fixed assets	388,109.48		164,970.71	223,138.77
Office equipment	274,056.21		59,839.58	214,216.63
Leasehold improvement	114,053.27		105,131.13	8,922.14

5.8 Accounts payable

Items	As at December 31, 2017	As at December 31, 2016
Within 1 year (including 1 year)	31,090,892.26	50,890,458.77
1-2 years	50,890,458.77	31,818,457.70
2-3 years	31,818,457.70	81,268,852.21
Over 3 years	36,314,884.86	
Total	150,114,693.59	163,977,768.68

5.9 Advances from customers

Aging	As at December 31, 2017	As at December 31, 2016
Within 1 year (including 1 year)	1,042,770.35	1,871,373.81
Total	1,042,770.35	1,871,373.81

5.10 Employee benefits payable

Items	As at December 31, 2016	Accruals	Payments	As at December 31, 2017
Salaries, bonuses, allowances and subsidies	2,938,660.71	19,924,858.21	21,280,764.01	1,582,754.91
Total	2,938,660.71	19,924,858.21	21,280,764.01	1,582,754.91

5.11 Taxes and surcharges payable

Items	As at December 31, 2017	As at December 31, 2016
Corporate income tax		914,618.49
Individual income tax	163,675.30	218,816.13

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Items	As at December 31, 2017	As at December 31, 2016
Total	163,675.30	1,133,434.62

5.12 Other payables

Items	As at December 31, 2017	As at December 31, 2016
Within 1 year (including 1 year)	2,431,955.76	1,007,192.95
1-2 years	525.33	1,442.40
Total	2,432,481.09	1,008,635.35

5.13 Paid-in capital

Investees	As at December 31, 2016		Increase	Decrease	As at December 31, 2017	
	Investment amounts	Proportions			Investment amounts	Proportions
Oracle Financial Service Software Limited	6,826,400.00	100.00			6,826,400.00	100.00

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

5.14 Surplus reserves

Items	As at December 31, 2016	Increases	Decreases	As at December 31, 2017
Statutory surplus reserves	1,726,480.64			1,726,480.64
Total	1,726,480.64			1,726,480.64

5.15 Retained profit

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Items	As at December 31,	As at December 31,
	2017	2016
Opening balances of retained profit	1,822,334.47	4,436,022.56
Adjustment Retained profit (plus+, less-)		
Opening balances of retained profit after adjustment	1,822,334.47	4,436,022.56
Plus: Net profit ("-" for loss)	-3,228,181.89	-2,613,688.09
Less: Appropriation of statutory surplus reserves		
Appropriation of discretionary surplus reserves		
Appropriation of general risk reserves		
Dividends payable		
Closing balances of retained profit	-1,405,847.42	1,822,334.47

5.16 Revenue from operations and cost of operations

Items	2017		2016	
	Revenue	Cost	Revenue	Cost
Major operations	37,955,726.08	30,548,442.40	47,867,184.52	38,847,275.82
License	3,950,684.90	3,160,547.93	9,675,152.83	7,740,122.26
Implementation/ customization services	20,401,883.74	16,334,497.32	19,820,966.85	15,947,159.97
Support (annual maintenance)	10,185,733.28	8,148,586.62	9,108,230.72	7,286,584.57
Primesourcing	3,417,424.16	2,904,810.53	9,262,834.12	7,873,409.02
Total	37,955,726.08	30,548,442.40	47,867,184.52	38,847,275.82

5.17 Non-operating income

Items	2017	2016
Others	24,087.60	128,634.10

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Items	2017	2016
Total	24,087.60	128,634.10

5.18 Non-operating expenses

Items	2017	2016
Losses from disposal of non-current assets		1,537.25
Penalties and overdue fines	13,573.00	1,209,064.00
Others		0.01
Total	13,573.00	1,210,601.26

5.19 Income tax expenses

Breakdown of income tax expenses

Items	2017	2016
Current income tax expense		914,618.49
Total		914,618.49

5.20 Supplementary information of the statement of cash flows

5.20.1 Supplementary information of the statement of cash flows

Items	2017	2016
1. Adjustments to reconcile net profit to net cash flows in operating activities:		
Net profit	-3,228,181.89	-2,613,688.09
Plus: Provision for impairment of assets	87,999.43	108,107.63
Depreciation of fixed assets, etc.	259,988.22	232,438.58
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)		1,537.25

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Items	2017	2016
Loss on scrap of fixed assets (“-”for gain)		
Loss on changes in fair value (“-”for gain)		
Financial expense (“-”for gain)	2,824,962.27	253,419.72
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)	-1,258,364.34	-8,944,715.36
Increase in operating payables (“-”for decrease)	-15,631,531.77	-14,279,221.16
Others		
Net cash flows from operating activities	-16,945,128.08	-25,242,121.43
2. Net increase in cash and cash equivalents		
Cash and cash equivalents at the end of the year	147,065,957.10	166,931,064.96
Less: Cash and cash equivalents at the beginning of the year	166,931,064.96	192,458,014.55
Net increase in cash and cash equivalents	-19,865,107.86	-25,526,949.59

5.20.2 Breakdown of cash and cash equivalents

Items	2017	2016
1. Cash	147,065,957.10	166,931,064.96
Including: Cash on hand		
Cash at bank readily available for payments	147,065,957.10	166,931,064.96
Other cash and cash equivalents		

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Items	2017	2016
readily available for payments		
2. Cash equivalents		
Including: Bond investments maturing within three months		
3. Cash and cash equivalents	147,065,957.10	166,931,064.96
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	2017	2016
Oracle Corporation Australia Pty Limited	Revenues of consulting services	3,392,694.9	788,349.41
Oracle (China) Software Systems Company	Revenues of licenses	1,617,561.22	2,175,152.84
Oracle (China) Software Systems Company	Revenues of tech-cross support	1,487,073.66	3,415,438.65
Total		6,497,329.78	6,378,940.90

Sale of goods/provision of services

Related parties	Description of transactions	2017	2016
Oracle Financial Service Software Limited	Cost of licenses	3,160,547.93	7,740,122.26
Oracle Financial Service Software Limited	Cost of implementation services	16,334,497.32	15,947,159.97
Oracle Financial Service Software Limited	Cost of maintenance services	8,148,586.62	7,286,584.57
Oracle Financial Service Software Limited	Cost of primesourcing	2,904,810.53	7,873,409.02
Total		30,548,442.40	38,847,275.82

6.2.2 Receivables and payables with related parties

Receivables

Items	Related parties	As at December 31, 2017		As at December 31, 2016	
		Carrying amounts	Allowance for bad debts	Carrying amounts	Allowance for bad debts
Accounts receivable	Oracle (China) Software Systems Company	1,692,122.90		6,177,616.28	
	Oracle Corporation	168,532.06			

Payables

Items	Related parties	As at December 31, 2017	As at December 31, 2016
Accounts payable	Oracle Financial	152,294,983.77	163,977,768.68

Oracle Financial Services Software (Shanghai) Limited

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

Items	Related parties	As at December	As at December
		31, 2017	31, 2016
	Service Software Limited		
7	Commitments and contingencies		
	The Company has no commitments and contingencies to be disclosed.		
8	Subsequent events		
	The Company has no subsequent events to be disclosed.		
9	Other significant events		
	The Company has no other significant events to be disclosed.		

Oracle Financial Services Software (Shanghai) Limited
(The official seal)
May 31st, 2018



Oracle Financial Services Software (Shanghai) Limited Adjustment of Taxable Income For Year 2017

Monetary Unit: CNY

No.	Items	Taxable Amount	
1	Profits for the year 2017	-3,779,296.39	
2	Adjustments	Increases	Decreases
	Payroll		890,758.82
	Entertainment expenses	22,546.30	
	Tax overdue fines and interest surcharges	13,573.00	
	Intertemporal deductions	119,906.48	
	Expenditure unrelated to income	1,255,184.98	
	Others	185,264.61	
	Depreciation and amortization of assets		14,704.14
	Provisions for bad debts	87,999.43	
	Losses of assets		
	Special tax adjustments made to the taxable income	2,276,068.17	
	Total adjustments	3,960,542.97	905,462.96
3	Taxable income after adjustment for Year 2017	-173,101.88	

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.