

**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, 2023

Oracle Financial Services Software (Shanghai) Limited

Auditors' Report and Financial Statements

(For the Year Ended December 31, 2023)

	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	1-27

Auditors' Report

BDO China Auditors' Report (Audit) [2024] No. ZA40375

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, 2023, 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, 2023, 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

Bai Lu

Shanghai, China

Date: April 4, 2024

Oracle Financial Services Software (Shanghai) Limited
Statement of Financial Position
As at December 31, 2023

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

Assets	Notes	As at December 31, 2023	As at December 31, 2022
Current assets:			
Cash and cash equivalents	5.1	19,397,125.60	19,890,416.50
Accounts receivable	5.2	705,166.40	824,938.70
Other receivables	5.3	283,129.02	204,549.03
Other current assets	5.4		252,317.36
Total current assets		20,385,421.02	21,172,221.59
Non-current assets:			
Fixed assets	5.5	-	-
Right-of-use asset	5.6	1,623,709.96	553,440.09
Deferred Tax	5.7	210,281.40	428,870.45
Total non-current assets		1,833,991.36	982,310.54
Total assets		22,219,412.38	22,154,532.13

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

Legal Representative: Avadhut Digambar Ketkar

Chief Accountant: Wong Gen Kown Eileen

Oracle Financial Services Software (Shanghai) Limited
Statement of Financial Position (Continued)
As at December 31, 2023
(All the amounts are denominated in CNY unless otherwise stated.)

Liabilities and owners' equity	Notes	As at December 31, 2023	As at December 31, 2022
Current liabilities:			
Accounts payable	5.8	1,453,123.00	817,685.83
Employee benefits payable	5.9	616,391.45	761,152.29
Taxes and surcharges payable	5.10	146,159.00	148,756.19
Other payables	5.11	2,407,544.07	924,235.38
Non-current liabilities due within one year	5.12	528,313.03	568,709.97
Total current liabilities		5,151,530.55	3,220,539.66
Non-current liabilities:			
Lease Liability	5.13	1,095,396.93	
Total non-current liabilities		1,095,396.93	
Total liabilities		6,246,927.48	3,220,539.66
Owners' equity:			
Paid-in capital	5.14	6,826,400.00	6,826,400.00
Surplus reserves	5.15	2,804,620.18	2,804,620.18
Retained profit	5.16	6,341,464.72	9,302,972.29
Total owners' equity		15,972,484.90	18,933,992.47
Total liabilities and owners' equity		22,219,412.38	22,154,532.13

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

Legal Representative: Avadhut Digambar Ketkar

Chief Accountant: Wong Gen Kown Eileen

Oracle Financial Services Software (Shanghai) Limited
Statement of Comprehensive Income
For the Year Ended December 31, 2023
(All the amounts are denominated in CNY unless otherwise stated.)

Items	Notes	2023	2022
1. Revenue from operations		13,413,496.12	16,092,011.81
Revenue from operations	5.17	13,413,496.12	16,092,011.81
less:		16,559,582.15	16,387,582.76
Less:cost of operations		4,192,293.41	4,084,232.25
Taxes and surcharges	5.18	4,530.32	10,375.88
Selling and distribution expenses			
General and administrative expenses	5.19	12,613,694.84	12,585,854.28
Research and development expenses			
Financial expenses	5.20	-250,936.42	-292,879.65
Including: Interest expenses		7,187.19	22,596.22
Interest income		276,772.09	313,982.67
Add: Other income	5.21	454,530.56	52,035.91
Impairment of credit (“-” for loss)			
2. Profit from operations (“-” for loss)		-2,691,555.47	-243,535.04
Add: Non-operating income	5.22		3,608.20
Less: Non-operating expenses	5.23		5,640.07
3. Profit before tax (“-” for loss)		-2,691,555.47	-245,566.91
Less: Income tax expenses	5.24	269,952.10	154,716.71
4. Net profit (“-” for loss)		-2,961,507.57	-400,283.62
Gain or loss from continued operations		-2,961,507.57	-400,283.62
5. Total comprehensive income		-2,961,507.57	-400,283.62

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

Legal Representative: Avadhut Digambar Ketkar

Chief Accountant: Wong Gen Kown Eileen

Oracle Financial Services Software (Shanghai) Limited

Statement of Cash Flows

For the Year Ended December 31, 2023

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

Items	Notes	2023	2022
1. Cash flows from operating activities			
Cash receipts from the sale of goods and the rendering of services	5.25	14,539,644.36	17,381,992.75
Cash receipts of tax refunds			17,924.05
Other cash receipts relating to operating activities		983,122.32	450,092.61
Sub-total of cash inflows from operating activities		15,522,766.68	17,850,009.41
Cash payments for goods purchased and services received		1,812,291.39	1,504,979.27
Cash payments to and on behalf of employees		8,506,224.75	9,391,991.36
Cash payments of all types of taxes and surcharges		2,106,801.92	3,205,043.36
Other cash payments relating to operating activities		2,998,496.70	5,376,703.27
Sub-total of cash outflows from operating activities		15,423,814.76	19,478,717.26
Net cash flows from operating activities		98,951.92	-1,628,707.85
2. Cash flows from investing activities			
3. Cash flows from financing activities			
Other cash payments relating to financing activities		575,859.16	554,301.00
Sub-total of cash outflows from financing activities		575,859.16	554,301.00
Net cash flows from financing activities		-575,859.16	-554,301.00
4. Effect of foreign exchange rate changes on cash and cash equivalents		-16,383.66	9,248.85
5. Net increase in cash and cash equivalents		-493,290.90	-2,173,760.00
Add: Opening balance of cash and cash equivalents		19,890,416.50	22,064,176.50
6. Closing balance of cash and cash equivalents		19,397,125.60	19,890,416.50

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

Legal Representative: Avadhut Digambar Ketkar

Chief Accountant: Wong Gen Kown Eileen

Oracle Financial Services Software (Shanghai) Limited
Statement of Changes in Equity
For the Year Ended December 31, 2023
(All the amounts are denominated in CNY unless otherwise stated.)

Items	2023							
	Paid-in capital	Capital reserves	less:treasury stock	Other comprehensive income	Specific reserves	Surplus reserves	Retained profit	Total owners' equity
1. Balance as at December 31, 2022	6,826,400.00					2,804,620.18	9,302,972.29	18,933,992.47
Add: Adjustments for changes in accounting policies								
Adjustments for correction of accounting errors in prior periods								
Others								
2. Balance as at January 1, 2023	6,826,400.00					2,804,620.18	9,302,972.29	18,933,992.47
3. Increase in 2022 ("-" for decrease)							-2,961,507.57	-2,961,507.57
(1) Total comprehensive income							-2,961,507.57	-2,961,507.57
(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) Profit distribution to owners (or shareholders)								
(iii) 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) Set up benefit budget changes to carry forward retained earnings								
(v) Other comprehensive income is carried forward to retained earnings								
(vi) Others								
(5) Special reserves								
(i) Appropriation during the current period								
(ii) Consumption during the current period								
(6) Others								
4. Balance as at December 31, 2023	6,826,400.00					2,804,620.18	6,341,464.72	15,972,484.90

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

Legal Representative: Avadhut Digambar Ketkar

Chief Accountant: Wong Gen Kown Eileen

Oracle Financial Services Software (Shanghai) Limited
Statement of Changes in Equity
For the Year Ended December 31, 2022
(All the amounts are denominated in CNY unless otherwise stated.)

Items	2022							
	Paid-in capital	Capital reserves	less:treasury stock	Other comprehensive income	Specific reserves	Surplus reserves	Retained profit	Total owners' equity
1. Balance as at December 31, 2021	6,826,400.00					2,804,620.18	9,703,255.91	19,334,276.09
Add: Adjustments for changes in accounting policies								
Adjustments for correction of accounting errors in prior periods								
Others								
2. Balance as at January 1, 2022	6,826,400.00					2,804,620.18	9,703,255.91	19,334,276.09
3. Increase in 2022 ("-" for decrease)							-400,283.62	-400,283.62
(1) Total comprehensive income							-400,283.62	-400,283.62
(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) Profit distribution to owners (or shareholders)								
(iii) 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) Set up benefit budget changes to carry forward retained earnings								
(v) Other comprehensive income is carried forward to retained earnings								
(vi) Others								
(5) Special reserves								
(i) Appropriation during the current period								
(ii) Consumption during the current period								
(6) Others								
4. Balance as at December 31, 2022	6,826,400.00					2,804,620.18	9,302,972.29	18,933,992.47

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

Legal Representative: Avadhut Digambar Ketkar

Chief Accountant: Wong Gen Kown Eileen

Oracle Financial Services Software (Shanghai) Limited

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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

1. Company profile

Oracle Financial Services Software (Shanghai) Limited (the "Company") is a wholly foreign owned 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 unified social credit code of the Company is 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 22nd, 2040, with an operating period of 30 years. The company's business scope includes 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 April 4, 2024.

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

This financial statement is prepared on a going concern basis.

When preparing the financial statements for this year, the board of directors of the company conducted a thorough evaluation of the company's ability to continue as a going concern for the 12 months since the end of the reporting period, and the evaluation results showed that there were no significant doubts about the company's ability to continue as a going concern.

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, 2023, 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:

Aging	Proportion of allowance for bad debts of accounts receivable (%)
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:

- 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.

3.8.2 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.

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	Note	0.00	1.23

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

Note: The shorter of the asset's useful life and the period for which the Company expects to extend the lease.

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 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.

3.9.3 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 Recognition and measurement principles of income from the transfer of asset use rights

When economic benefits related to transactions are likely to flow into the enterprise and the amount of income can be reliably measured. Determine the amount of income from the transfer of asset use rights in the following situations:

① The amount of interest income is calculated and determined based on the time and actual interest rate of others using the company's monetary funds.

② The amount of usage fee income shall be calculated and determined in accordance with the charging time and method stipulated in the relevant contract or agreement.

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 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset which may be specified explicitly or implicitly. The asset should be physically distinct or represent substantially all of the capacity of a physically distinct asset.
- The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset. The Company has the right when it has the decision-making rights that are most relevant to determining how and for what purpose the asset is used.

Right-of-use assets are measured at cost, less any accumulated amortization and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets identified under the standard are amortized on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The Lease liabilities are initially measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. Lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use assets, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company applied the short-term lease recognition exemption to its short-term leases of vehicles, parking lots and other equipment. It also applied the lease of low-value assets recognition exemption to leases of office equipment that are considered low value. Lease payments on short-term leases and leases of low value assets are recognized as expense in profit or loss on a straight-line basis over the lease term.

The Company's right-of-use assets and the current and non-current portion of lease liabilities are included as separate line items within the statement of financial position.

The Company determined whether the arrangement was or contains a lease based on the assessment of whether:

Fulfillment of the arrangement was dependent on the use of a specific asset or assets; and the arrangement had conveyed a right to use the asset either, by having the ability or right to operate or have physical access to the asset and that other parties would benefit from the output while obtaining or controlling more than an insignificant amount of the output.

3.13 Changes in major accounting policies and accounting estimates

3.13.1 Changes in major accounting policies

Implement Accounting Standards for Business Enterprises No. 21 - Leases (Revised in 2018)

The Ministry of Finance revised the Accounting Standards for Business Enterprises No. 21 - Leases in 2018. The company implemented the new lease standards from January 1, 2021.

- The company as lessee

The company adjusts the amount of retained earnings and other related items in the financial statements at the beginning of the year first implementation of the new lease rule based on the cumulative impact of the first implementation of the new lease rule without adjusting the comparable period information.

For the operating leases that existed before the date of initial application, the company did not make retrospective adjustments to the relevant circumstances

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.	13%, 6%
Educational surtax	Educational surtaxes are paid on turnover taxes at a tax rate of 3% and 2%	3%, 2%
Urban maintenance and construction tax	Urban maintenance and construction tax is calculated and paid on turnover taxes at a tax rate of 7%	7%
Corporate income tax	Corporate income tax is calculated and paid on taxable profits.	25%

OFSS China enjoy preferential income tax rate in CY23 accordingly to below tax regulations.

In accordance with the Announcement of the Ministry of Finance and the State Administration of Taxation on Tax Policies Relating to Further Supporting the Development of Small low-profit enterprises and Individual Business (Announcement of the Ministry of Finance and the State Taxation Administration [2023] No.12), the policy of reducing the taxable amount of small low-profit enterprises by 25% and be subject to enterprise income tax at a tax rate of 20% has been extended until December 31, 2027.

5.1 Cash and cash equivalents

Items	As at December 31, 2023	As at December 31, 2022
Cash in bank	19,397,125.60	19,890,416.50
Total	19,397,125.60	19,890,416.50

5.2 Accounts receivable

5.2.1 Disclosure of accounts receivable by category.

Categories	As at December 31, 2023	As at December 31, 2022
Within 1 year	705,166.40	824,938.70
Sub-total of accounts receivable	705,166.40	824,938.70
Total	705,166.40	824,938.70

Accounts receivable are classified and disclosed according to bad debt accrual method

Categories	As at December 31, 2023					As at December 31, 2022				
	Carrying amounts		Provisions for bad debts		Amounts	Carrying amounts		Provisions for bad debts		Amounts
	Amounts	Proportions	Amounts	Proportions		Amounts	Proportions	Amounts	Proportions	
Provision for bad debts by portfolio	705,166.40	100.00			705,166.40	824,938.70	100.00			824,938.70
including:										
Aging portfolio	705,166.40	100.00			705,166.40	824,938.70	100.00			824,938.70
Total	705,166.40	100.00			705,166.40	824,938.70	100.00			824,938.70

Provision for bad debts by aging combination:

Categories	As at December 31, 2023			As at December 31, 2022		
	Carrying amounts	Provisions for bad debts	Proportions	Carrying amounts	Provisions for bad debts	Proportions
Within 1 year	705,166.40	-		824,938.70	-	
Total	705,166.40	-		824,938.70	-	

5.3 Other receivables

Items	As at December 31, 2023	As at December 31, 2022
Other receivables	283,129.02	204,549.03
Total	283,129.02	204,549.03

Disclosure by category

Categories	As at December 31, 2023					As at December 31, 2022				
	Carrying amounts		Provisions for bad debts		Amounts	Carrying amounts		Provisions for bad debts		Amounts
	Amounts	Proportions	Amounts	Proportions		Amounts	Proportions	Amounts	Proportions	
Specific identification method										
Provision for bad debts by portfolio	283,129.02	100.00			283,129.02	204,549.03	100.00	-		204,549.03
including:										
Portfolio of deposit	183,613.44	64.85			183,613.44	183,613.44	89.77	-		183,613.44
Aging portfolio	99,515.58	35.15			99,515.58	20,935.59	10.23	-		20,935.59
Total	283,129.02	100.00			283,129.02	204,549.03	100.00	-		204,549.03

Aging provision

Categories	As at December 31, 2023			As at December 31, 2022		
	other receivables	bad debt provisions	proportion	other receivables	bad debt provisions	proportion
Within 1 year	99,515.58			10,317.90		
1-2 years				10,617.69		
More than 5 years	183,613.44			183,613.44		
Total	283,129.02			204,549.03		

The nature of payment

The nature of payment	As at December 31, 2023	As at December 31, 2022
Deposit	183,613.44	183,613.44
Other transactions	99,515.58	20,935.59
Total	283,129.02	204,549.03

5.4 Other current assets

Items	As at December 31, 2023	As at December 31, 2022
Deductible VAT		72,813.45
Prepaid Income Tax		179,503.91
Total		252,317.36

5.5 Fixed assets

Items	Office equipment	Leasehold improvement	Total
1. Total cost of fixed assets			
(1) Beginning balance	777,807.90	762,249.26	1,540,057.16
(2) Decrease in current period			
— Disposal			
(3) Closing balance	777,807.90	762,249.26	1,540,057.16

Items	Office equipment	Leasehold improvement	Total
2.Total Accumulated depreciation			
(1) Beginning balance	777,807.90	762,249.26	1,540,057.16
(2) Decrease in current period			
—Disposal			
(3) Closing balance	777,807.90	762,249.26	1,540,057.16
3. Carring amount			
(1) Closing book value			
(2) Beginning book value			

5.6 Right of use asset

Items	Property	Total
1.Total cost of fixed assets		
(1) Beginning balance	1,660,320.31	1,660,320.31
(2) Increase in current period	1,623,709.96	1,623,709.96
—New lease	1,623,709.96	1,623,709.96
(3) Ending balance	3,284,030.27	3,284,030.27
2.Total Accumulated Amortization		
(1) Beginning balance	1,106,880.22	1,106,880.22
(2) Increase in current period	553,440.09	553,440.09
—Provision	553,440.09	553,440.09
(3) Ending balance	1,660,320.31	1,660,320.31
3. Carring amount		
(1) Closing book value	1,623,709.96	1,623,709.96
(2) Beginning book value	553,440.09	553,440.09

5.7 Deferred Tax

Item	As at December 31, 2023		As at December 31, 2022	
	Deductible Temporary Difference	Deferred Tax	Deductible Temporary Difference	Deferred Tax
Accrued Payroll	616,391.45	154,097.86	761,152.29	190,288.06
Accrued Expense	176,742.73	44,185.68	891,068.22	222,767.06
Office lease (Right of use assets depreciation)	47,991.43	11,997.86	63,261.30	15,815.33
Total	841,125.61	210,281.40	1,715,481.81	428,870.45

5.8 Accounts payable

Items	As at December 31, 2023	As at December 31, 2022
Trade payable	1,453,123.00	817,685.83
Total	1,453,123.00	817,685.83

5.9 Employee benefits payable

Items	As at December 31, 2022	Accruals	Payments	As at December 31, 2023
Short-term salary	761,152.29	8,584,939.97	8,729,700.81	616,391.45
Termination benefits		904,856.33	904,856.33	
Total	761,152.29	9,489,796.30	9,634,557.14	616,391.45

5.9.1 Presentation of short-term remuneration

Items	As at December 31, 2022	Accruals	Payments	As at December 31, 2023
(1) Salary, bonus, allowance and subsidy	761,152.29	6,454,938.29	6,599,699.13	616,391.45
(2) Employee welfare funds		314,358.00	314,358.00	
(3) Social insurance premiums		1,008,011.36	1,008,011.36	
(4) Housing accumulation fund		807,632.32	807,632.32	
Total	761,152.29	8,584,939.97	8,729,700.81	616,391.45

5.10 Taxes and surcharges payable

Items	As at December 31, 2023	As at December 31, 2022
VAT	45,836.90	
Corporate income tax	33,959.61	16,005.09
Individual income tax	66,362.49	132,751.10
Total	146,159.00	148,756.19

5.11 Other payables

Items	As at December 31, 2023	As at December 31, 2022
Other payables	2,407,544.07	924,235.38
Total	2,407,544.07	924,235.38

(1) Listed by nature of payment

Items	As at December 31, 2023	As at December 31, 2022
Payment to suppliers	999,815.12	903,189.68
Others	1,407,728.95	21,045.70
Total	2,407,544.07	924,235.38

5.12 Non current liabilities due within one year

Item	As at December 31, 2023	As at December 31, 2022
Lease liabilities due within one year	528,313.03	568,709.97
Total	528,313.03	568,709.97

5.13 Lease Liability

Item	As at December 31, 2023	As at December 31, 2022
Office lease	1,095,396.93	-
Total	1,095,396.93	-

5.14 Paid-in capital

Investees	As at December 31, 2022	Proportions	increase	decrease	As at December 31, 2023	Proportions
Oracle Financial Service Software Limited	6,826,400.00	100.00			6,826,400.00	100.00
Total	6,826,400.00	100.00			6,826,400.00	100.00

5.15 Surplus reserves

Items	As at December 31, 2022	As at January 1, 2023	increase	decrease	As at December 31, 2023
Statutory surplus reserves	2,804,620.18	2,804,620.18	-	-	2,804,620.18
Total	2,804,620.18	2,804,620.18	-	-	2,804,620.18

5.16 Retained Profit

items	As at December 31, 2023	As at December 31, 2022
Opening balances of retained profit	9,302,972.29	9,703,255.91
Opening balances of retained profit after adjustment	9,302,972.29	9,703,255.91
Plus: Net profit ("-" for loss)	-2,961,507.57	-400,283.62
Less: Appropriation of statutory surplus reserves		
Closing balances of retained profit	6,341,464.72	9,302,972.29

5.17 Revenue from operations and cost of operations

Items	Current period		Last period	
	Revenue	Cost	Revenue	Cost
Major operations	13,413,496.12	4,192,293.41	16,092,011.81	4,084,232.25
Total	13,413,496.12	4,192,293.41	16,092,011.81	4,084,232.25

5.18 Taxes and surcharges

Items	Current period	Last period
Stamp duty	4,530.32	10,375.88
Total	4,530.32	10,375.88

5.19 General and administrative expenses

Items	Current period	Last period
Salary expenses	8,569,229.13	10,259,726.66
Severance pay	2,251,869.39	766,489.44
Amortization of ROU	553,440.10	553,440.12
Travel expenses	209,927.44	393,755.12
Others	677,315.63	214,185.64
Audit fee	175,908.30	175,908.30
Consultancy expenses	58,851.63	123,045.66
Property management fee	116,102.22	98,240.34
Entertainment Expenses	1,051.00	1,063.00
Total	12,613,694.84	12,585,854.28

5.20 Financial expenses

Items	Current period	Last period
Interest expense	7,187.19	22,596.22
Less: Interest income	276,772.09	313,982.67
Less: Reverse ROU& lease liability balance	26,317.88	
Exchange loss (“-” for gain)	41,361.43	-2,753.73
Bank Charge	3,604.93	1,260.53
Total	-250,936.42	-292,879.65

5.21 Other income

Items	Current period	Last period
Social benefit refund	408,586.37	
Additional deductions for input tax	24,132.27	35,126.43
Refund of processing fees for Individual Income Tax	21,811.92	16,909.48
Total	454,530.56	52,035.91

5.22 Non-operating income

Items	Current period	Last period	Amount included in current non operating profit and loss
Others		3,608.20	
Total		3,608.20	

5.23 Non-operating expenses

Items	Current period	Last period	Amount included in current non operating profit and loss
Fines and late expenses		5,640.07	
Total		5,640.07	

5.24 Income tax expenses

5.24.1 Breakdown of income tax expenses

Items	Current period	Last period
Current income tax expense	51,363.05	347,099.32
Deferred tax expense	218,589.05	-192,382.61
Total	269,952.10	154,716.71

5.24.2 Adjustments of accounting profit and income tax expense

Items	Current period
Total profit	-2,691,555.47
Income tax expense calculated at statutory [or applicable] rates	-672,888.87
Income tax reduction	-135,838.45
Adjusting the impact of income tax for prior periods	-3526.07
The impact of non-taxable income	
Non-deductible impact of costs, expenses and losses	1,061,152.32
The effect of deductible losses using prior unrecognized deferred income tax assets	
The effect of deductible temporary differences or deductible losses of unrecognized deferred income tax assets in the current period	
Others (Note)	21,053.17
Income tax expense	269,952.10

Note: The taxes withheld by Oracle Financial Service Software Limited in accordance with the tax regulation of the country it's located for the consulting service fee charged by the Company.

5.25 Supplementary information of the statement of cash flows

5.25.1 Supplementary information of the statement of cash flows

Items	Current period	Last period
1. Adjustments to reconcile net profit to net cash flows in operating activities:		
Net profit	-2,961,507.57	-400,283.62
Plus: Provision for impairment of assets		
Amortization of ROU	553,440.09	553,440.12
Financial expense ("-"for gain)	23,570.85	13,347.37
Decrease in deferred income tax assets ("-"for increase)	218,589.05	-192,382.61
Decrease in operating receivables ("-"for increase)	293,509.67	-155,448.45
Increase in operating payables ("-"for decrease)	1,971,349.83	-1,447,380.66

Items	Current period	Last period
Others		
Net cash flows from operating activities	98,951.92	-1,628,707.85
3. Net increase in cash and cash equivalents		
Cash and cash equivalents at the end of the year	19,397,125.60	19,890,416.50
Less: Cash and cash equivalents at the beginning of the year	19,890,416.50	22,064,176.50
Net increase in cash and cash equivalents	-493,290.90	-2,173,760.00

5.25.2 Breakdown of cash and cash equivalents

Items	Current period	Last period
1. Cash	19,397,125.60	19,890,416.50
Including: Cash on hand		
Cash at bank readily available for payments	19,397,125.60	19,890,416.50
Other cash and cash equivalents readily available for payments		
3. Cash and cash equivalents	19,397,125.60	19,890,416.50

6 Related parties and related party transaction

6.1 The parent company

Company name	Registered address	Business nature	Registered capital	Percentage of shareholding in the Company	Percentage of shareholding with voting rights in the Company
Oracle Financial Service Software Limited	India	Software Service	500,000,000INR	100.00	100.00

6.2 Related parties

Other associated party names	Relationships between other affiliates and the Company
Oracle (China) Software Systems Company	Fellow Subsidiary
Oracle America Inc	Fellow Subsidiary
Oracle Financial Services Software Pte Ltd	Controlled by the same parent company

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	Current period	Last period
Oracle Financial Service Software Limited	Software fee	471,385.61	-155,377.46
Oracle Financial Service Software Limited	Cost of implementing technical service fee	883,156.50	1,764,757.89
Oracle Financial Service Software Limited	Software upgrade and maintenance costs	2,837,751.21	2,474,851.55

Sale of goods/provision of services

Related parties	Description of transactions	Current period	Last period
Oracle Financial Services Software Limited	Consulting services	99,232.53	-
Oracle (China) Software Systems Company	Software upgrade license and technical support fee	5,457,213.59	5,367,037.69

6.2.2 Receivables and payables with related parties

Receivables

Items	Related parties	As at December 31, 2023		As at December 31, 2022	
		Carrying amounts	Allowance for bad debts	Carrying amounts	Allowance for bad debts
Accounts receivable					
	Oracle America Inc	38,398.16		38,398.16	-
Other Receivables					
	Oracle Financial Service Software Limited	99,232.53			

Payables

Items	Related parties	As at December	As at December
		31, 2023	31, 2022
Accounts payable			
	Oracle Financial Service Software Limited	1,542,354.99	817,685.83
Other payables			
	Oracle Financial Service Software Limited	787,393.76	

7 Contingencies

1. As of the balance sheet date, there are no significant contingencies in the company.
2. As of December 31, 2023, our company has no contingency arising from providing guarantees to external parties

8 Commitments and contingencies

The Company has no commitments and contingencies to be disclosed.

9 Subsequent events

The Company has no subsequent events to be disclosed.

Oracle Financial Services Software (Shanghai) Limited
(The official seal)
April 4, 2024