

**Ramco Systems(Shanghai) Co.,Ltd.**

**FINANCIAL STATEMENTS AND  
REPORT OF THE AUDITORS  
FOR THE YEAR ENDED 31 March 2019**



[English translation for reference only. Should there be any inconsistency between the Chinese and English versions, the Chinese version shall prevail.]

**Ramco Systems(Shanghai) Co.,Ltd.**

**Financial Statements and Report of the Auditors  
For the year ended 31 March 2019**  
[English translation for reference only]

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## Report of the Auditors

Mao Heng Kuai Bao (2019) No. 1332-1

To the Shareholders of Ramco Systems(Shanghai) Co.,Ltd.:

### 1. Opinion

We have audited the accompanying financial statements of Ramco Systems(Shanghai) Co.,Ltd. ("the Company"), which comprise the balance sheet as at 31 March 2019 and the income statement, statement of cash flows and the statements of changes in owners' equity for the year then ended, and the notes to these financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the Company's financial position of Ramco Systems(Shanghai) Co.,Ltd.as at 31 March 2019, and their financial performance and cash flows for the year then ended in accordance with the requirements of Accounting Standards for Small-sized Business.

### 2. 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 Ethics for Chinese Certified Public Accountants together with the ethical requirements that are relevant to our audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### 3. Other Information

Management is responsible for the other information. The other information comprises the information included in the report that in the year ended 31 Mar. 2019 of the Company but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **4. Responsibilities of Management and Directors for the Financial Statements**

Management of the Company is responsible for the preparation and fair presentation of these financial statements in accordance with the requirements of Accounting Standards for Small-sized Business, and for such internal control as management determines is necessary to enable 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, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the group's financial reporting process.

#### **5. 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 Chinese Certified Public Accountants Auditing Standards 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 SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

1. 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.
2. 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 group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. 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 group'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 group to cease to continue as a going concern.
5. 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 directors 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.

Attachments:

1. Ramco Systems(Shanghai) Co.,Ltd Balance Sheet as at 31 March 2019
2. Ramco Systems(Shanghai) Co.,Ltd Income Statement for the year ended 31 March 2019
3. Ramco Systems(Shanghai) Co.,Ltd Statement of Cash Flows for the year ended 31 March 2019
4. Ramco Systems(Shanghai) Co.,Ltd Statement of Changes in Equity for the year ended 31 March 2019
5. Ramco Systems(Shanghai) Co.,Ltd Notes to Financial Statements for the year ended 31 March 2019

Shanghai Mao Heng Certified Public Accountants



Shanghai, the People's Republic of China

Chinese Certified Public Accountant



Chinese Certified Public Accountant



30 April 2019

**Ramco Systems(Shanghai) Co.,Ltd.**

**BALANCE SHEET**

**AS AT 31 MARCH 2019**

(All amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

<b>ASSETS</b>	<b>Note</b>	<b>31 March 2019</b>	<b>31 March 2018</b>
<b>Current assets</b>			
Cash at bank and in hand	6(1)	178,681	1,017,370
Trade receivables	6(2)	3,082,476	64,407
Other receivables	6(3)	31,500	238,822
Advances to suppliers		130,357	-
Other current assets	6(4)	-	74,969
<b>Total current assets</b>		<u>3,423,014</u>	<u>1,395,568</u>
<b>TOTAL ASSETS</b>		<u>3,423,014</u>	<u>1,395,568</u>
<b>LIABILITIES AND OWNER'S EQUITY</b>			
<b>Current liabilities</b>			
Taxes payable	6(5)	218,257	9,792
Salary and welfare payable		11,962	-
Other payables	6(6),7(4)	2,076,545	927,410
<b>Total current liabilities</b>		<u>2,306,764</u>	<u>937,202</u>
<b>TOTAL LIABILITIES</b>		<u>2,306,764</u>	<u>937,202</u>
<b>Owner's equity</b>			
Paid-in capital		1,000,000	1,000,000
Retained earnings/(Accumulated losses)		116,250	(541,634)
<b>Total owner's equity</b>		<u>1,116,250</u>	<u>458,366</u>
<b>TOTAL LIABILITIES AND OWNER'S EQUITY</b>		<u>3,423,014</u>	<u>1,395,568</u>

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

Legal representative:  
RAMAMURTHY.RAVI KULA  
CHANDRAN

Person in charge of accounting function:  
ORANGE

Person in charge of accounting department:  
BRYAN

Ramco Systems(Shanghai) Co.,Ltd.

**INCOME STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2019**  
(All amounts in RMB unless otherwise stated)  
[English Translation for Reference Only]

	Note	Year ended 31 March 2019	Year ended 31 March 2018
<b>1. Revenues</b>	6(7)	3,462,032	535,647
Less: Cost of sales	6(7)	(1,351,950)	-
Tax and surcharges		(47,552)	(613)
Sales expenses		(54,550)	-
General and administrative expenses	6(8)	(1,290,547)	(1,073,108)
Finance expenses - net	6(9)	(20,754)	(3,560)
<b>2. Operating Profit/(Loss)</b>		<u>696,679</u>	<u>(541,634)</u>
Less: Non-operating losses		(45)	-
<b>3. Total Profit/(Loss)</b>		696,634	(541,634)
Less: Income taxes	6(10)	<u>(38,750)</u>	-
<b>4. Net Profit/(Loss)</b>		<u>657,884</u>	<u>(541,634)</u>

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

Legal representative:  
RAMAMURTHY.RAVI KULA  
CHANDRAN

Person in charge of accounting function:  
ORANGE

Person in charge of accounting department:  
BRYAN

Ramco Systems(Shanghai) Co.,Ltd.

**CASH FLOW STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**  
 (All amounts in RMB unless otherwise stated)  
 [English Translation for Reference Only]

	Year ended 31 March 2019	Year ended 31 March 2018
<b>1. Cash flows from operating activities</b>		
Cash received from sales of goods or rendering of services	961,795	471,240
Cash received relating to other operating activities	96,785	30,241
<b>Sub-total of cash inflows</b>	<u>1,058,580</u>	<u>501,481</u>
Cash paid to and on behalf of employees	(679,261)	-
Payments of taxes and surcharges	(515,055)	-
Cash paid relating to other operating activities	(702,953)	(484,111)
<b>Sub-total of cash outflows</b>	<u>(1,897,269)</u>	<u>(484,111)</u>
<b>Net cash flows from operating activities</b>	<u>(838,689)</u>	<u>17,370</u>
<b>2. Cash flows from financing activities</b>		
Cash received from investors	-	1,000,000
<b>Sub-total of cash inflows</b>	<u>-</u>	<u>1,000,000</u>
<b>Net cash flows from financing activities</b>	<u>-</u>	<u>1,000,000</u>
<b>3. Net (decrease)/increase in cash</b>	(838,689)	1,017,370
Add: Cash at the beginning of year	<u>1,017,370</u>	<u>-</u>
<b>4. Cash at the end of year</b>	<u>178,681</u>	<u>1,017,370</u>

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

Legal representative:  
 RAMAMURTHY.RAVI KULA  
 CHANDRAN

Person in charge of accounting function:  
 ORANGE

Person in charge of accounting department:  
 BRYAN



**Ramco Systems(Shanghai) Co.,Ltd.**

**STATEMENT OF CHANGES IN OWNERS' EQUITY  
FOR THE YEAR ENDED 31 MARCH 2019**  
(All amounts in RMB unless otherwise stated)  
[English translation for reference only]

Item	Paid-in capital	Retained earnings	Total owners' equity
Balance at 1 January 2017	-	-	-
<b>Movements for the year ended 31 March 2019</b>			
Capital injection	1,000,000	-	1,000,000
Net loss	-	(541,634)	(541,634)
Balance at 31 March 2018 & 1 April 2018	1,000,000	(541,634)	458,366
<b>Movements for the year ended 31 March 2019</b>			
Net profit	-	657,884	657,884
Balance at 31 March 2019	1,000,000	116,250	1,116,250

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

Legal representative:  
RAMAMURTHY.RAVI KULA  
CHANDRAN

Person in charge of accounting function:  
ORANGE

Person in charge of accounting department:  
BRYAN

## Ramco Systems(Shanghai) Co.,Ltd.

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (All amounts in RMB unless otherwise stated) [English translation for reference only]

#### 1 General information

Ramco Systems(Shanghai) Co.,Ltd. (herein refer to the "Company") has been invested by RAMCO SYSTEMS LIMITED to form a foreign owned enterprise in the PRC on 3rd November 2016, has obtained the (Enterprise Legal Business Operating Certificate) with registered number 91310115MA1K3J6B33 from Shanghai Administration of Industry and Commerce. Its type of legal entity is limited liability (wholly foreign owned enterprises). The legal representative is RAMAMURTHY.RAVI KULA CHANDRAN and registered address is Room 304-05, No.99 Gongping Road, Hongkou District, Shanghai.

The Company's registered capital is USD 8,000,000, and the paid-in capital is CNY 1,000,000.

According to the business license, the Company's business scope is computer software development, design, production, sales of own products (except for audio and video products, electronic publications) and provide technical consulting and service. (The above scopes involve the administration and operation according to the permission).

The principle activities of the company are mainly to carry on the business pertaining to, or connected with and involving information technology and software.

#### 2 Basis of preparation

The financial statements are prepared on a going concern basis. Based on transactions or events that have actually occurred, the financial statements have been prepared in accordance with the Accounting Standards for Small-sized Business as promulgated by the State of the People's Republic of China.

#### 3 Statement of compliance with the Accounting Standards for Small-sized Business

The financial statements of the Company for the year ended 31 March 2019 are in compliance with the Accounting Standards for Small-sized Business, and truly and completely present the financial position as of 31 March 2019 and the operating results, cash flows and other information for the year then ended of the Company.

#### 4 Summary of significant accounting policies and accounting estimates

##### (1) Accounting year

The Company's accounting year starts on 1 April and ends on 31 March.

##### (2) Recording currency

The recording currency of the Company is the Renminbi (Rmb).

##### (3) Foreign currency translation

##### (a) Foreign currency transactions

Foreign currency transactions are translated into RMB using the exchange rates prevailing on the date of transaction in which the transactions took place.

#### 4 Summary of significant accounting policies and accounting estimates (continued)

##### (3) Foreign currency translation (continued)

##### (a) Foreign currency transactions (continued)

At the balance sheet date, monetary items denominated in foreign currencies are translated into RMB using the spot exchange rates on the balance sheet date. Exchange differences arising from these translations are recognised in profit or loss for the current year, except for those attributable to foreign currency borrowings that have been taken out specifically for the acquisition or construction of qualifying assets, which are capitalised as part of the cost of those assets. Non-monetary items denominated in foreign currencies that are measured at historical costs are translated at the balance sheet date using the spot exchange rates at the date of the transactions. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

##### (4) Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, call deposits with banks and short-term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

##### (5) Receivables

Receivables comprise accounts receivable and other receivables. Accounts receivable arising from sale of goods or rendering of services are initially recognised at fair value of the contractual payments from the buyers or service recipients.

Receivables that are individually significant are subject to separate impairment assessment. If there is objective evidence that Company will not be able to collect the full amount under the original terms, a provision for impairment of that receivable is established at the difference between the carrying amount of that receivable and the present value of its estimated future cash flows.

Receivables that are not individually significant and those receivables that have been individually evaluated for impairment and have been found not impaired are combined into certain groups based on their credit risk characteristics. The impairment losses are determined based on the historical loss experience for the groups of receivables with the similar credit risk characteristics and taking into consideration of the current circumstances.

When the Company transfers the accounts receivable to financial institutions without recourse, the net amount of proceeds received from the transaction after the carrying amounts of the accounts receivable and related taxes is recognised in profit or loss for the current year.

##### (6) Employee benefits

Employee benefits mainly include wages or salaries, bonuses, allowances and subsidies, staff welfare, social security contributions, housing funds, labour union funds, employee education funds and other expenditures incurred in exchange for service rendered by employees.

Employee benefits are recognised as salaries and wages payable in the accounting period in which an employee has rendered service, as costs of assets or expenses to whichever the employee service is attributable.

##### (7) Revenue recognition

The amount of revenue is determined in accordance with the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of The company's activities. Revenue is shown net of value-added tax, rebates, discounts and returns.

**Ramco Systems(Shanghai) Co.,Ltd.**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**  
(All amounts in RMB unless otherwise stated)  
[English translation for reference only]

**4 Summary of significant accounting policies and accounting estimates (continued)**

(7) Revenue recognition(continued)

Licence Fee revenue is recognized on delivery of the software.

Service income is recognized upon providing of services and on the basis of effort spent and the right to collect payment is established.

Revenue from maintenance services is recognized on a pro-rata basis over the period of the contract.

Interest income is recognised on a time-proportion basis using the effective interest method.

Subsidy income is recognised when received.

(7) Operating leases

Payments made under operating leases are expensed on a straight-line basis over the year of the leases.

**5 Taxation**

The types and rates of taxes applicable to the Company are set out below:

Type	Tax rate	Taxable base
Enterprise income tax	25%	Taxable income
Value added tax	6%	Taxable value added amount (2018.4.1-2018.12.31)
("VAT")	16%	Taxable value added amount (2019.1.1-2019.3.31)

**6 Notes to the financial statements**

(1) Cash at bank and in hand

	31 March 2019	31 March 2018
Cash at bank	178,681	1,017,370
	<u>178,681</u>	<u>1,017,370</u>

(2) Trade receivables

	31 March 2019	31 March 2018
Trade receivables		
- Third parties	3,082,476	64,407
Less: provision for bad debts	-	-
	<u>3,082,476</u>	<u>64,407</u>

(3) Other receivables

	31 March 2019	31 March 2018
Other receivables		
- Third parties	31,500	238,822
Less: provision for bad debts	-	-
	<u>31,500</u>	<u>238,822</u>

**6 Notes to the financial statements(continued)**

**(4) Other current assets**

	31 March 2019	31 March 2018
Input VAT	-	59,432
To be deductible input VAT	-	13,791
To be certified input VAT	-	1,746
	<u>-</u>	<u>74,969</u>

**(5) Taxes payable**

	31 March 2019	31 March 2018
Value added tax (VAT)	(40,425)	9,792
Individual income tax	984	-
Corporate income tax (CIT)	38,750	-
Withholding tax-VAT	78,853	-
Withholding tax-CIT	131,421	-
Withholding tax- Surcharge	8,674	-
	<u>218,257</u>	<u>9,792</u>

**(6) Other payables**

	31 March 2019	31 March 2018
Other payables		
- Related parties	1,982,352	867,105
- Third parties	94,193	60,305
	<u>2,076,545</u>	<u>927,410</u>

**(7) Revenue and cost of sales**

	Year ended 31 March 2019		Year ended 31 March 2018	
	Revenue	Cost of sales	Revenue	Cost of sales
Main operations				
-Software service	3,462,032	(1,351,950)	535,647	-
	<u>3,462,032</u>	<u>(1,351,950)</u>	<u>535,647</u>	<u>-</u>

**(8) General and administrative expenses**

	Year ended 31 March 2019	Year ended 31 March 2018
Salary&Wages	(591,650)	-
Employee cost - Social security and fund	(185,148)	-
Professional Service Stipend&Outsourcing	-	(778,693)
Rent&Utility - Office Rent	(125,776)	(84,835)
Travel and Conveyance	(63,797)	-
Hosting charges	(138,882)	(36,986)
Communication	(2,258)	(1,483)
Office maintenance	(3,217)	(49,892)
Consultancy-Legal&Professional	(153,917)	(108,143)
Consultancy-Audit&Accountancy	(25,902)	(13,076)
	<u>(1,290,547)</u>	<u>(1,073,108)</u>

**6 Notes to the financial statements(continued)**

**(9) Financial expenses**

	Year ended 31 March 2019	Year ended 31 March 2018
Interest income	2,461	493
Exchange loss	(19,981)	-
Bank charges	(3,234)	(4,053)
	<u>(20,754)</u>	<u>(3,560)</u>

**(10) Income tax**

	Year ended 31 March 2019	Year ended 31 March 2018
Current income tax	(38,750)	-
	<u>(38,750)</u>	<u>-</u>

**(11) Notes to cash flow statements**

**(a) Reconciliation from net profit to cash flows from operating activities**

	Year ended 31 March 2019	Year ended 31 March 2018
Net profit/(loss)	657,884	(541,634)
Adjustment: Increase in operating receivables	(2,866,135)	(378,198)
Increase in operating payables	1,369,562	937,202
Net cash flows (in)/from operating activities	<u>(838,689)</u>	<u>17,370</u>

**(b) Net decrease in cash and cash equivalents**

	Year ended 31 March 2019	Year ended 31 March 2018
Cash at the end of the year	178,681	1,017,370
Less: cash at the beginning of the year	(1,017,370)	-
Net (decrease)/increase in cash	<u>(838,689)</u>	<u>1,017,370</u>

**7 Significant related parties and related party transactions**

**(1) The parent company**

**(a) General information of the parent company:**

	Registered address	Nature of business
RAMCO SYSTEMS LIMITED	India	Software Development

The Company's ultimate controlling party is Ramco Systems Limited.

**(b) The proportions of equity interests in the Company held by the parent company:**

	31 March 2019	31 March 2018
RAMCO SYSTEMS LIMITED	<u>100%</u>	<u>100%</u>

**7 Significant related parties and related party transactions(continued)**

**(2) Nature of related parties that do not control or are not controlled by the Company:**

Name of entity	Relationship with the Company
Ramco Systems Pte Ltd.	Under common control of Ramco Systems Limited.

**(3) Significant related party transactions**

**(a) Pricing policies**

The price of the service provided by the related party are negotiated by both parties.

**(4) Balance of other payable**

**(a) Other payable**

	<b>31 March 2019</b>	<b>31 March 2018</b>
Ramco Systems Pte Ltd.	992,683	867,105
Ramco Systems Limited	989,669	-
	<u>1,982,352</u>	<u>867,105</u>

**Ramco Systems (Shanghai) Co.,Ltd.**

**Supplementary Information Provided By Management  
for the year ended 31 March 2019**  
[English translation for reference only]



**Ramco Systems(Shanghai) Co.,Ltd.**

**SUPPLEMENTARY INFORMATION PROVIDED BY MANAGEMENT**

(All amounts in RMB Yuan unless otherwise stated)  
[English Translation for Reference Only]

**Reconciliation of Taxable Income  
for the year ended 31 March 2019**

Total profit	696,634
Add: Prior years' deductible loss	<u>(541,634)</u>
Taxable income (A)	155,000
Income tax rate (B)	<u>25%</u>
Income Tax (A)*(B)	<u>38,750</u>

Note: The final taxable income for the year is to be examined and approved by the tax authorities.



# 营业执照

统一社会信用代码 91310113586752049H

证照编号 13000000201510230412

名称 上海茂恒会计师事务所（普通合伙）

类型 普通合伙企业

主要经营场所 上海市宝山区牡丹江路 1325 号 4420-N 室

执行事务合伙人 丁志军

成立日期 2011 年 11 月 21 日

合伙期限 2011 年 11 月 21 日至 2031 年 11 月 20 日

经营范围 审查企业会计报表、出具审计报告；验证企业资本、出具验资报告；办理企业合并、分立、清算事宜中的审计业务、出具有关报告；基本建设年度财务决算审计；代理记账；会计咨询；税务咨询；管理咨询；会计培训；法律、法规规定的其他业务。  
【依法须经批准的项目，经相关部门批准后方可开展经营活动】



登记机关

2015 年 10 月 23 日

