

SPARK44 SHANGHAI LIMITED

**AUDITORS' REPORT AND FINANCIAL
STATEMENTS**

FROM APRIL 2018 TO MARCH 2019

Auditors' Report

PCPAR [2019] No. ZA40837

To Spark44 Shanghai Limited,

I. Opinion

We have audited the financial statements of Spark44 Shanghai Limited (hereinafter referred to as “the Company”), which comprise the balance sheet as at March 31, 2019, and the income statement, statement of cash flows and statement of changes in shareholders' equity for the year ended then, and notes to the financial statements.

In our opinion, the attached financial statements are prepared, in all material respects, in accordance with Accounting Standards for Business Enterprises and present fairly the financial position of the Company as at March 31, 2019 and its operating results and cash flows for the year ended then.

II. Basis for Our Opinion

We conducted our audit in accordance with the Auditing Standards for Certified Public Accountants in China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. According to the Code of Ethics for Chinese CPA, we are independent of the Company and have fulfilled other ethical responsibilities in the aspect of code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

III. Responsibilities of the Management and Those Charged with Governance for the Financial Statements

The management of the Company (hereinafter referred to as "the Management") is responsible for preparing the financial statements in accordance with the requirements of Accounting Standards for Business Enterprises to achieve a fair presentation, and for designing, implementing and maintaining internal control that is necessary to ensure that the financial statements are free from material misstatements, whether due to frauds or errors.

In preparing the financial statements, the Management is responsible for assessing the Company's going-concern ability, disclosing the matters related to going concern (if applicable) and using the going-concern assumption unless the Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

IV. Auditors' 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 auditors' 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 audit 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.

During the process of an audit conducted in accordance with audit standards, we exercise professional judgment and maintain professional skepticism throughout the audit. Meanwhile, we also implement the following work:

- (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) Understand the 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 internal control.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- (4) Conclude on the appropriateness of the management's use of the going concern basis of accounting. Meanwhile, based on the audit evidence obtained, we come to a conclusion on whether a material uncertainty exists in events or conditions that may cause significant doubt on the Company's going-concern ability. If we conclude that a material uncertainty exists, we are required to, in our auditors' report, draw attention of the users of statements to the related disclosures in the financial statements; if such disclosures are inadequate, we should modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (5) Evaluate the overall presentation, structure and content (including the disclosures) of the financial statements, and evaluate whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding the planned scope and timing of the audit, significant audit findings and other matters, including any significant deficiencies in internal control that we identify during our audit.

BDO CHINA Shu Lun Pan Certified Public Accountants LLP

**Certified Public Accountant of China:
Jiang Qiang**

**Certified Public Accountant of China:
Shen Chao**

Shanghai, China

May 18, 2019

This auditors' report and the accompanying financial statements are English translations of the Chinese auditors' report and statutory financial statements prepared under accounting principles and practices generally accepted in the People's Republic of China. In case the English version does not conform to the Chinese version, the Chinese version shall prevail.

Spark44 Shanghai Limited
Balance Sheet
As at March 31, 2019

(Amounts are expressed in RMB unless otherwise stated)

Assets	Balance as at March 31, 2019	Balance as at April 1, 2018
Current assets:		
Cash and cash equivalents	12,411,178.64	28,032,639.46
Financial assets measured at fair value through the current profit or loss		
Derivative financial assets		
Notes receivable and accounts receivable	36,616,620.83	23,920,933.43
Advances to suppliers	752,176.63	
Other receivables	5,152,113.27	2,465,646.08
Inventories		
Assets held for sale		
Non-current assets maturing within one year		
Non-current assets		
Total current assets	54,932,089.37	54,419,218.97
Non-current assets:		
Available-for-sale financial assets		
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments		
Investment properties		
Fixed assets	1,096,255.70	1,267,329.65
Construction in progress		
Productive biological assets		
Oil and gas assets		
Intangible assets	430,980.39	638,962.85
Development expenditures		
Goodwill		
Long-term deferred expenses		390,822.38
Deferred income tax assets		
Other non-current assets		
Total non-current assets	1,527,236.09	2,297,114.88
Total assets	56,459,325.46	56,716,333.85

The accompanying notes to the financial statements form an integral part of the financial statements.

Legal Representative: Accounting Principal: Head of the Accounting Department:

Spark44 Shanghai Limited
Balance Sheet (Continued)
As at March 31, 2019

(Amounts are expressed in RMB unless otherwise stated)

Liabilities and owners' equity (or shareholders' equity)	Balance as at March 31, 2019	Balance as at April 1, 2018
Current liabilities:		
Short-term borrowings		
Financial liabilities measured at fair value through the current profit or loss		
Derivative financial liabilities		
Notes payable and accounts payable	12,381,933.15	15,203,253.59
Advances from customers		
Employee compensation payable	1,070,428.00	1,285,694.84
Taxes and surcharges payable	1,384,968.72	1,987,099.92
Other payables	11,791,274.29	16,930,536.65
Liabilities held for sale		
Non-current liabilities maturing within one year		
Other current liabilities		
Total current assets	26,350,492.06	35,406,585.00
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Long-term payables		
Long-term employee compensation payable		
Estimated liabilities		
Deferred income		
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities		
Total liabilities	26,350,492.06	35,406,585.00
Owners' equity (or shareholders' equity):		
Paid-in capital (or share capital)	1,000,000.00	1,000,000.00
Other equity instruments		
Capital reserves	4,440.50	4,440.50
Less: treasury stock		
Other comprehensive income		
Special reserves		
Surplus reserves	500,000.00	500,000.00
Retained earnings	28,326,280.80	19,805,308.35
Total owners' equity (or shareholders' equity)	29,830,721.30	21,309,748.85
Total liabilities and owners' equity (or shareholders' equity)	56,459,325.46	56,716,333.85

The accompanying notes to the financial statements form an integral part of the financial statements.

Legal Representative: Accounting Principal: Head of the Accounting Department:

Spark44 Shanghai Limited
Income Statement
For the Year Ended March 31, 2019

(Amounts are expressed in RMB unless otherwise stated)

Item	Current period	Last period
I. Operating income	115,441,293.04	141,272,089.27
Less: operating costs	83,545,936.90	110,719,975.86
Taxes and surcharges	421,580.24	578,326.00
Selling and distribution expenses		
General and administrative expenses	21,218,849.88	23,519,676.58
Research and development expenses		
Financial expenses	-224,301.92	123,306.59
Including: interest expenses		
Interest income	148,653.54	59,585.88
Losses from asset impairment		
Plus: income from changes in fair value ("-" for losses)		
Investment income ("-" for losses)		
Including: income from investment in associates and joint ventures		
Income from assets disposal		2,918.34
Exchange gains		
Other income	166,655.39	145,499.43
II. Operating profits ("-" for losses)	10,645,883.33	6,479,222.01
Plus: non-operating income	1,210,000.00	1,060,000.00
Less: non-operating expenses		
III. Total profits ("-" for total losses)	11,855,883.33	7,539,222.01
Less: income tax expenses	3,334,910.88	1,664,350.57
IV. Net profit ("-" for net loss)	8,520,972.45	5,874,871.44
(I) Net profit from continued operation ("-" for net loss)	8,520,972.45	5,874,871.44
(II) Net profit from cease of operation ("-" for net loss)		
V. Other comprehensive income, net of tax		
(I) Other comprehensive income that cannot be reclassified into profit or loss later		
Including: 1. Changes arising from the re-measurement of net liabilities or net assets of defined benefit plan		
2. Share in the investees' other comprehensive income that cannot be reclassified into profit or loss under equity method		
(II) Other comprehensive income that will be reclassified into profit or loss later		
Including: 1. share in the investees' other comprehensive income that will be reclassified into profit or loss under equity method		
2. Profit or loss on changes in the fair value of available-for-sale financial assets		
3. Profit or loss arising from reclassification of held-to-maturity investments as available-for-sale financial assets		
4. Effective portion of cash flow hedging profit or loss		
5. Differences arising from translation of foreign-currency financial statements		
6. Others		
VI. Total comprehensive income	8,520,972.45	5,874,871.44
VII. Earnings per share:		
(I) Basic earnings per share		
(II) Diluted earnings per share		

The accompanying notes to the financial statements form an integral part of the financial statements.

Legal Representative: Accounting Principal: Head of the Accounting Department:

Spark44 Shanghai Limited
Statement of Cash Flows
For the Year Ended March 31, 2019

(Amounts are expressed in RMB unless otherwise stated)

Item	Current period	Last period
I. Cash flows from operating activities		
Cash received from sale of goods and rendering of services	109,302,573.58	146,006,291.48
Refunds of taxes and surcharges received		
Cash received from other operating activities	1,586,514.93	2,797,336.23
Sub-total of cash inflows from operating activities	110,889,088.51	148,803,627.71
Cash paid for goods purchased and services received	45,829,245.54	60,436,650.26
Cash paid to and on behalf of employees	54,219,091.09	56,762,016.67
Cash paid for taxes and surcharges	7,080,222.18	6,131,197.80
Cash paid for other operating activities	13,433,310.61	14,323,409.84
Sub-total of cash outflows from operating activities	120,561,869.42	137,653,274.57
Net cash flows from operating activities	-9,672,780.91	11,150,353.14
II. Cash flows from investing activities		
Cash received from investors		
Cash received from returns on investments		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		16,574.00
Net cash received from disposal of subsidiaries and other business units		
Cash received from other investing activities		
Sub-total of cash inflows from investing activities		16,574.00
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets	948,680.18	1,204,776.91
Cash paid for investments		
Net cash paid to acquire subsidiaries and other business units		
Cash paid for other investing activities		
Sub-total of cash outflows from investing activities	948,680.18	1,204,776.91
Net cash flows from investing activities	-948,680.18	-1,188,202.91
III. Cash flows from financing activities		
Cash received from investors		
Cash received from borrowings		
Cash received from bonds issue		
Cash received from other financing activities		
Sub-total of cash inflows from financing activities		
Cash paid for debt repayments		
Cash paid for distribution of dividends and profits or payment of interest	5,000,000.00	
Cash paid for other financing activities		
Sub-total of cash outflows from financing activities	5,000,000.00	
Net cash flows from financing activities	-5,000,000.00	
IV. Effect of fluctuation in exchange rate on cash and cash equivalents	0.27	-1.26
V. Net increase in cash and cash equivalents	-15,621,460.82	9,962,148.97
Plus: beginning balance of cash and cash equivalents	28,032,639.46	18,070,490.49
VI. Ending balance of cash and cash equivalents	12,411,178.64	28,032,639.46

The accompanying notes to the financial statements form an integral part of the financial statements.

Legal Representative: Accounting Principal: Head of the Accounting Department

Spark44 Shanghai Limited
Statement of Changes in Owners' Equity
For the Year Ended March 31, 2019

(Amounts are expressed in RMB unless otherwise stated)

Item	Paid-in capital (or share capital)	Other equity instruments			Capital reserves	Current period					
		Preferred stock	Perpetual bond	Others		Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Total owners' equity
I. Balance as at the end of the last year	1,000,000.00				4,440.50				500,000.00	19,805,308.35	21,309,748.85
Plus: adjustments for changes in accounting policies											
Correction of accounting errors in Last periods											
Others											
II. Balance as at the beginning of the current period	1,000,000.00				4,440.50				500,000.00	19,805,308.35	21,309,748.85
III. Increase or decrease in the current period ("-" for decrease)										8,520,972.45	8,520,972.45
(I) Total comprehensive income										8,520,972.45	8,520,972.45
(II) Capital contributed or reduced by owners											
1. Capital contributed by owners											
2. Capital contributed by the holders of other equity instruments											
3. Amounts of share-based payments recognized in owners' equity											
4. Others											
(III) Profit distribution											
1. Withdrawal of surplus reserves											

Spark44 Shanghai Limited
Statement of Changes in Owners' Equity (Continued)
For the Year Ended March 31, 2019
(Amounts are expressed in RMB unless otherwise stated)

Item	Paid-in capital (or share capital)	Other equity instruments			Capital reserves	Last period					Retained earnings	Total owners' equity
		Preferred stock	Perpetual bond	Others		Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves			
I. Balance as at the end of the last year	1,000,000.00				4,440.50					500,000.00	18,930,436.91	20,434,877.41
Plus: adjustments for changes in accounting policies												
Correction of accounting errors in Last periods												
Others												
II. Balance as at the beginning of the current period	1,000,000.00				4,440.50					500,000.00	18,930,436.91	20,434,877.41
III. Increase or decrease in the current period ("-" for decrease)											874,871.44	874,871.44
(I) Total comprehensive income											5,874,871.44	5,874,871.44
(II) Capital contributed or reduced by owners												
1. Capital contributed by owners												
2. Capital contributed by the holders of other equity instruments												
3. Amounts of share-based payments recognized in owners' equity												
4. Others												
(III) Profit distribution											-5,000,000.00	-5,000,000.00
1. Withdrawal of surplus reserves												

Item	Last period										
	Paid-in capital (or share capital)	Other equity instruments			Capital reserves	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Total owners' equity
		Preferred stock	Perpetual bond	Others							
2. Profit distributed to owners (or shareholders)										-5,000,000.00	-5,000,000.00
3. Others											
(IV) Internal carry-forward of owners' equity											
1. Conversion of capital reserves into paid-in capital (or share capital)											
2. Conversion of surplus reserves into paid-in capital (or share capital)											
3. Surplus reserves offsetting losses											
4. Carry-forward of changes in the defined benefit plan for retained earnings											
5. Others											
(V) Special reserves											
1. Withdrawal in the current period											
2. Amount used in the current period											
(VI) Others											
IV. Balance as at the end of the current period	1,000,000.00				4,440.50				500,000.00	19,805,308.35	21,309,748.85

The accompanying notes to the financial statements form an integral part of the financial statements.

Legal Representative:

Accounting Principal:

Head of the Accounting Department:

Spark44 Shanghai Limited
Notes to the Financial Statements
For the Year Ended March 31, 2019

1 Company profile

Spark44 Shanghai Limited (hereinafter referred to as "the Company"), was a limited liability company (wholly owned by foreign legal person) invested in and established by SPARK44 (JV) LIMITED on March 25, 2014 with KOO YEAT MUNG as the legal representative. As of March 31, 2019, the total investment of the Company was RMB 1,420,000.00 and the registered capital of the Company was RMB 1,000,000.00. The Unified Social Credit Code of the enterprise is 91310000088514160B and the registered address is Units 6401, 6402, 6501 and 6502, Building 6, No. 436 Jumen Road, Huangpu District, Shanghai. The Company now is in its operation period. The Company's business scope includes enterprise management consulting, investment consulting, business information consulting, design of enterprise image, and enterprise marketing planning; and designing, producing, providing agency services for, and publicizing all kinds of domestic and foreign advertisements. [Items subject to approval according to law shall not be carried out before such approval is granted by the competent authorities]

2 Basis of preparation for the financial statements

Based on going concern, the Company, according to actually occurred transactions and events, prepares its financial statements in accordance with the *Accounting Standards for Business Enterprises - Basic Standards* issued by the Ministry of Finance and all the specific accounting standards, Application Guidance to the Accounting Standards for Business Enterprises, the interpretation of the Accounting Standards for Business Enterprises and other relevant provisions (hereinafter referred to as the "Accounting Standards for Business Enterprises").

3 Principal accounting policies and accounting estimates

3.1 Statement on compliance with the Accounting Standards for Business Enterprises

The financial statements prepared by the Company meet the requirements of the Accounting Standards for Business Enterprises, and truly and completely reflect the Company's financial position, operation results, cash flows and other relevant information in the reporting period.

3.2 Accounting period

The accounting year is from April 1, 2018 to March 31, 2019 in calendar year.

3.3 Operating cycle

The Company's operating cycle is 12 months.

3.4 Functional currency

RMB is adopted as the Company's functional currency.

3.5 Recognition criteria of cash and cash equivalents

For the purpose of preparing the statement of cash flows, the term "cash" refers to the cash on hand and the unrestricted deposit of the Company. The term "cash equivalents" refers to short-term (maturing within three months from 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 method of foreign currency transactions

Foreign currency transactions are translated into RMB for recording purpose at the spot exchange rate prevailing on the transaction date.

The balance of foreign currency items on the balance sheet date are measured at the spot exchange rate on the balance sheet date. The exchange difference arising therefrom shall be included in the current profit or loss, while other exchange difference arising from the special borrowings of foreign currency related to the acquired and constructed assets qualified to capitalization shall be dealt with according to the principle of borrowing capitalization.

3.7 Recognition criteria and method of provision for bad debts of receivables

3.7.1 Recognition criteria of bad debts

Uncollectible accounts arising from repeal and liquidation of debtor after taking legal clearance procedures; uncollectible accounts arising from the death of debtor leaving no assets to pay off and nobody to assume the obligations; overdue accounts, with clear evidence to show the debtors failed to repay obligations, are subject to approval of cancellation after verification according to the administration authority of the Company.

3.7.2 Accounting method for losses on bad debts:

Allowance method is adopted for accounting.

3.7.3 Method and proportion of provision for bad debts

Provision for bad debts is made by using specific identification method.

3.8 Fixed assets

3.8.1 Recognition criteria of fixed assets

Fixed assets refer to tangible assets held for the purpose of producing commodities, rendering services, renting or business management with useful lives exceeding one accounting year. Fixed assets will be recognized only when all the following criteria are satisfied:

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

3.8.2 Depreciation method

Depreciation of the Company's fixed assets is provided on a category basis by 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 components of a fixed asset have different useful lives or cause economic benefit for the Company in different ways, different depreciation rate or method will be adopted for the depreciation on the individual component basis.

Depreciation lives and annual depreciation rates of different fixed assets are listed as follows:

Category of fixed assets	Depreciation life (year)	Residual value rate (%)	Annual depreciation rate (%)
Electronic equipment	3	5	31.67

3.9 Intangible assets

3.9.1 Measurement method for intangible assets

- (1) The Company initially measures intangible assets at cost on acquisition;
The costs of externally acquired intangible assets comprise their purchase prices, related taxes and surcharges and any other directly attributable expenditure incurred to prepare the asset for its intended use. If the payment for an intangible asset is delayed beyond the normal credit conditions and it is of the financing nature, the cost of the intangible asset shall be determined on the basis of the current value of the purchase price.

For intangible assets acquired from a debtor for the settlement of his liabilities in debt restructuring, their book-entry values should be determined based on their fair values. Differences between the book values of restructured debts and the fair values of the intangible assets for the settlement of liabilities should be included in the current profit or loss.

On the premise that non-monetary assets trade is of commercial nature and the fair value of the assets traded in or out can be measured reliably, the book-entry values of intangible assets traded in with non-monetary assets should be recognized at the fair value of the assets traded out, unless any unambiguous evidence indicates that the fair values of the assets traded in are more reliable; as to the non-monetary assets trade not meeting the aforesaid premise, the book value of the assets traded out and related taxes and surcharges payable should be recognized as the cost of the intangible assets traded in, and no profit or loss will be recognized.

(2) Subsequent measurement

The useful lives of the intangible assets are analyzed and determined on acquisition.

For intangible assets with definite useful lives, the Company shall adopt the straight-line method for amortization within the period during which they can bring economic benefits to the Company; if the period during which they can bring economic benefits to the Company cannot be forecast, those intangible assets shall be deemed as assets with indefinite lives and not be amortized.

3.9.2 Estimate of useful lives of intangible assets with definite useful lives:

Item	Estimated useful life	Basis
Computer software	1 - 5 years	Estimated useful life

At the end of each period, the Company shall review the useful lives and amortization method of intangible assets with definite useful lives.

Upon review, the useful lives and amortization methods of the intangible assets at the end of the current period are not different from those estimated before.

3.10 Long-term asset impairment

If any indication shows that the fixed assets, intangible assets with definite useful lives and other long-term assets may be impaired on the balance sheet date, an impairment test can be conducted. If the result of the impairment test shows that the recoverable amount of the asset is lower than its book value, the provision for impairment shall be made and included in impairment loss.

The recoverable amount of the asset is the higher of the net amount of its fair value less disposal expenses and the present value of its estimated future cash flows. Provision for impairment of assets is made on individual asset basis. If it is difficult to estimate the recoverable amount of the individual asset, the Company shall estimate the recoverable amount of the asset portfolio that the individual asset belongs to.

The asset group is the minimum asset group that can independently generate the cash inflow.

The above losses from asset impairment cannot be reversed in subsequent accounting periods once recognized.

3.11 Long-term deferred expenses

Long-term deferred expenses refer to various expenses which have been already incurred but will be borne in the reporting period and in the future with an amortization period of over one year.

3.11.1 Amortization method

Long-term deferred expenses shall be amortized averagely within the period of benefit, among which:

- (1) The rental prepayments for fixed assets leased by operating lease are amortized evenly over the period specified in the lease contract.
- (2) The improvement expenditures for fixed asset leased by operating lease are amortized reasonably according to the best expected economic benefits.

3.11.2 Amortization period

The improvement expenditures for fixed assets leased by operating lease are evenly amortized over the shorter of the remaining lease period and useful period of the leased assets.

3.12 Employee compensation

3.12.1 Short-term compensation

During the accounting period in which employees provide service to the Company, the short-term remuneration actually incurred is recognized as liabilities and included into the current profit or loss or the assets-related cost.

The social insurance premiums and the housing provident fund paid by the Company for its employees, together with the labor union expenditures and employee education drew as required are used to calculate and determine the relevant employee remuneration amount based on the prescribed accrual basis and accrual proportion during the accounting period in which the employees provide services to the Company.

Employee benefits in the non-monetary form shall be measured at fair value.

3.12.2 Accounting treatment of post-employment benefits

- (1) **Defined contribution plan**
The Company pays basic endowment insurance premium and unemployment insurance premium for its employees in accordance with relevant provisions of local government. During the accounting period when the Company receives services from employees, the payable amount calculated based on the basis and proportion prescribed is recognized as a liability and included in current profit and loss, or related asset cost.
- (2) **Defined benefit plans**
According to the formula determined based on expected cumulative unit method, the Company will set the period that the welfare obligations deriving from the defined benefit plan, which will be included in current profit or loss or assets-related cost.

A net liability or net asset in connection with the defined benefit plan is recognized at the present value of the obligation under the defined benefit plan less the deficit or surplus arising out of the fair value of the assets under the defined benefit plan. For a surplus of defined benefit plans, the Company should measure the net asset of such defined benefit plans at the lower of the surplus of such defined benefit plans and asset upper limit thereof.

All obligations of the defined benefit plan, including the payments expected to be paid within 12 months after the end of the annual reporting period when the employees provide services, will be discounted at the market yield rate of national debt corresponding to the period and currencies of the obligations of the defined benefit plan and that of high-quality corporate bonds active on the market on the balance sheet date.

Service costs arising from defined benefit plan and net interest of net liabilities or assets of defined benefit plan are included in current profit or loss or relevant asset costs; changes arising from re-measurement of net liabilities or assets of defined benefit plan are included in other comprehensive income, and will not be transferred to profit or loss in the subsequent accounting period. When the original defined benefit plan terminates, the portion originally included in other comprehensive income will all be transferred to retained earnings.

When the defined benefit plan is settled, the settlement gain or loss will be measured at the balance between the present value of the obligations of the defined benefit plan and the settlement price determined on the settlement date.

3.12.3 Accounting treatment of dismissal benefits

When the Company fails to unilaterally withdraw the dismissal benefits offered due to the termination of the labor relation plan or layoff proposal, or confirms the costs or fees associated with the reorganization involving the payment of the dismissal benefits (whichever is earlier), the employee compensation liabilities arising from the confirmation of dismissal benefits are included in the current profit or loss.

3.13 Revenue

3.13.1 Principles for recognition and measurement of revenue from sales of goods

Revenue from sales of goods shall be recognized when the Company has transferred to the buyer the significant risks and rewards of ownership of the goods; the Company retains neither continuous management rights associated with ownership of the goods sold nor effective control over the goods sold; the relevant amount of revenue can be measured reliably; it is highly likely that the economic benefits associated with the transaction will flow into the Company; and the relevant amount of cost incurred or to be incurred can be measured reliably.

3.13.2 Basis for recognition of the revenue from transfer of rights to use assets

When the economic benefits relating to the transactions is possible to flow into the Company and the amount of revenue can be measured reliably, revenues should be recognized. Revenues from transfer of right to use assets are recognized under the following circumstances:

- (1) Interest income is determined based on the time when the monetary funds are lent and the effective rate.
- (2) The amount of revenues from usage is determined based on the charging time and method as agreed in relevant contract or agreement.

3.13.3 Basis and method of recognizing the progress of completion, when determining revenue from rendering of service and revenue from construction contract at percentage-of-completion method

In case that the outcome of service transactions can be reliably evaluated, the service revenue will be recognized at the percentage of completion method on the balance sheet date. Completion progress of rendering of services is recognized at the measurement of completed work.

Total revenues from rendering of services are recognized at received or receivable contract or agreement price, except that the latter are not fair. The current revenues from rendering of services is recognized as total revenues therefrom multiply the percentage of completion less revenues from rendering of services accumulated and recognized in Last periods on the balance sheet date; at the same time, the current labor costs are carried forward at total expected costs for rendering of services multiply the percentage of completion less labor costs accumulated and recognized in Last periods.

When the outcome of transactions involving the rendering of services cannot be estimated reliably, it should be handled on the balance sheet date as follows:

- (1) If the service costs incurred are expected to be recoverable, the amounts equal to the costs incurred should be recognized as service revenues and the equivalent amounts should be included into the service costs.
- (2) If the service costs incurred are not expected to be fully compensated, revenues from rendering of service are not recognized and the service costs incurred are included in the current profit or loss.

3.14 Government subsidies

3.14.1 Type

Government subsidies are monetary and non-monetary assets obtained from the government for free. The Government subsidies include asset-related Government subsidies and income-related Government subsidies.

Asset-related Government subsidies refer to Government subsidies that the enterprise acquires for acquisition, construction or otherwise form long-term assets. Income-related Government subsidies refer to Government subsidies other than asset-related Government subsidies.

The specific criteria of the Company to classify the government subsidies as asset-related are: the Government subsidies acquired and used by the Company for acquiring and constructing or otherwise to form long-term assets;

The specific criteria of the Company to classify the Government subsidies as income-related are: the Government subsidies other than the assets-related Government subsidies.

Where government documents fail to clearly define subsidy objects, the judgment basis for the Company to divide Government subsidies into asset-related Government subsidies and income-related Government subsidies is as follows: classify the Government subsidies as income-related Government subsidies as a whole.

3.14.2 Time of recognition

Time of recognizing asset-related Government subsidies: when the related assets reach their preset usable state;

Time of recognizing the income-related Government subsidies: when the related expenses or losses occur.

3.14.3 Accounting treatment

The Government subsidies relating to assets shall be used to offset the book value of relevant assets or recognized as deferred income. Where such subsidies are recognized as the deferred income, they will be included in the current profit or loss by reasonable and systematic methods within useful lives of related assets (where such subsidies are related to the routine activities of the Company, they will be included in other income; where such subsidies are not related to the routine activities of the Company, they will be included in non-operating income);

Income-related Government subsidies used to compensate for relevant costs or losses which will occur in the following period in the Company shall be recognized as the deferred income, and, during the period when relevant costs or losses are recognized, be included in the current profit or loss (where income-related Government subsidies are relevant to routine activities of the Company, such subsidies shall be included in the other income; where income-related Government subsidies are irrelevant to routine activities of the Company, such subsidies shall be included in the non-operating income) or used to offset relevant costs or losses; income-related Government subsidies used to compensate for relevant costs or losses incurred in the Company shall be included in the current profit or loss (where income-related Government subsidies are relevant to routine activities of the Company, such subsidies shall be included in the other income; where income-related Government subsidies are irrelevant to routine activities of the Company, such subsidies shall be included in the non-operating income) or used to offset relevant costs or losses.

The interest subsidies of policy-based preferential loans obtained by the Company are subject to the following accounting treatments according to two situations:

- (1) When the finance department appropriates the interest subsidies to the lending bank, and the lending bank provides the loan at the policy-based preferential interest rate to the Company, the Company will take the book-entry value at the loan amount actually received, and relevant loan expenses are calculated based on the principal of the loan and the policy-based preferential interest rate.
- (2) Where the finance department directly appropriates the interest subsidies to the Company, the Company will use the corresponding interest subsidies to offset related borrowing costs.

3.15 Leases

3.15.1 Accounting treatment of operating lease

- (1) Lease fees paid by the Company for leased asset shall be amortized at straight-line method over the whole lease term (including rent-free period) and included in the period charges. Initial direct costs related to lease transactions paid by the Company shall be included in the period charges.

If the expense related to the lease which shall be paid by the Company is assumed by the lessor of the asset, then such expenses shall be deducted from total lease fees, and the balances shall be amortized over the lease terms and charged to the current expenses.

- (2) The Company's rental expenses collected for leased assets shall, within the whole lease term excluding the rent-free period, be amortized with the straight-line method and recognized as rental income. Initial direct costs related to lease transactions paid by the Company shall be included in the current expenses; if the amount is large, it shall be capitalized, and shall be included in the current income by stages within the whole lease period on same basis for recognition of lease income.

When the Company bears costs related to the lease which shall be borne by the lessee, the Company should deduct the part of expenses from the total rents and amortize the rents after deduction over the lease term.

3.15.2 Accounting treatment of financing lease

- (1) Assets acquired under financing leases: At the commencement of the lease term, assets acquired under financing leases shall be recorded at the lower of their fair values and the present values of the minimum lease payments, and the Company shall recognize the long-term payables at amounts equal to the minimum lease payments, and shall record the differences between book value of the leased assets and the long-term payables as unrecognized finance charges.

The Company adopts the effective interest rate method for unrecognized financing charges, which shall be amortized over the lease term and included in financial expenses.

- (2) Assets rented out under financing lease: on the commencement date of lease, the Company recognizes the difference between the sum of financing lease payment receivable and unguaranteed residual value, and the present value of the assets as unrealized financing income and as financing income in each period of future lease. The initial direct expenses of the Company related to lease are included into the initial measurement of financing lease payment receivable, and the income recognized in lease period is decreased accordingly.

3.16 Related parties

One party is related to another if it has control or joint control, or significant influence over the other party, or both of them are jointly controlled by the same third party. Related parties can be persons or entities. State-controlled enterprises without other related party relations shall not be related parties of the Company.

Related parties of the Company include but are not limited to:

- (1) Parent company of the Company;
- (2) Subsidiaries of the Company;
- (3) Other entities under the control of the same parent company with the Company;
- (4) Investors imposing common control over the Company;
- (5) Investors imposing significant influence over the Company;
- (6) Joint ventures of the Company, including subsidiaries of joint ventures;
- (7) Associates of the Company, including subsidiaries of the associates;
- (8) Major investors of the Company and their close family members;
- (9) Key management personnel of the Company or its parent company and their close family members; and
- (10) Other enterprises under the control or common control or significant influence of major investors, key management of the Company or their close family members.

3.17 Changes in principal accounting policies and accounting estimates

3.17.1 Changes in principal accounting policies

The Ministry of Finance promulgated the *Circular of the Ministry of Finance on Revising and Issuing the 2018 Versions of General Corporate Financial Statement Templates* (CK [2018] No. 15) on June 15, 2018, revising the format of the financial statements of general enterprises. Main impacts of the Company's implementation of the above provisions are as follows:

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Content of and reason for changes in accounting policies	Name and amount of affected items in the financial statements
<p>(1) In the balance sheet, combine the "Notes receivable" and "Accounts receivable" as the "Notes receivable and accounts receivable" for presentation, combine the "Notes payable" and "Accounts payable" as the "Notes payable and accounts payable" for presentation; include the "Interest receivable" and "Dividends receivable" in the "Other receivables" for presentation; include the "Interest payable" and "Dividends payable" in the "Other payables" for presentation; include the "Disposal of fixed assets" in the "Fixed assets" for presentation; include the "Project materials" in the "Construction in progress" for presentation; include the "Special payables" in the "Long-term payables" for presentation. Compare data and make adjustment accordingly.</p>	<p>The "Notes receivable" and "Accounts receivable" are combined as "Notes receivable and accounts receivable" for presentation, and the amount was RMB 36,616,620.83 for the current period and RMB 23,920,933.43 for the last period; The "Notes payable" and "Accounts payable" are combined as "Notes payable and accounts payable" for presentation, and the amount was RMB 12,381,933.15 for the current period and RMB 15,203,253.59 for the last period; Increase the "Other receivables" by RMB 0.00 for the current period and RMB 0.00 for the last period. Increase the "Other payables" by RMB 0.00 for the current period and RMB 0.00 for the last period. Increase the "Fixed assets" by RMB 0.00 for the current period and RMB 0.00 for the last period; Increase the "Construction in progress" by RMB 0.00 for the current period and RMB 0.00 for the last period; Increase the "Long-term payables" for RMB 0.00 for the current period and RMB 0.00 for the last period.</p>
<p>(2) In the income statement, add the "Research and development costs" by reclassifying the research and development costs in the original item of "General and administrative expenses" to the "Research and development costs" for separate presentation; In the income statement, add the "Including: interest expenses" and "Interest revenue" under the item of financial expenses. Compare data and make adjustment accordingly.</p>	<p>Decrease the "General and administrative expenses" by RMB 0.00 for the current period and RMB 0.00 for the last period; And reclassify the same to the "Research and development costs".</p>
<p>(3) In the statement of changes in owners' equity, add the "Carry-forward of changes in the defined benefit plan for retained earnings". Compare data and make adjustment accordingly.</p>	<p>For the "Carry-forward of changes in the defined benefit plan for retained earnings", the amount is RMB 0.00 for the current period and RMB 0.00 for the last period.</p>

3.17.2 Changes in principal accounting estimates

There were no changes in significant accounting estimates within the reporting period.

4 Taxation

Major tax types and tax rates applicable to the Company

Tax type	Basis of tax assessment	Tax rate
Value-added tax	Levied at the difference between the output tax (computed based on the revenue from the sale of goods and the taxable services calculated by tax laws) and the input tax deductible for current period.	6%
Enterprise income	Levied based on the taxable income	25%

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tax		
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5 Notes to the main items of the financial statements

(The following amounts are expressed in RMB unless otherwise stated)

5.1 Cash and cash equivalents

Item	Balance as at March 31, 2019	Balance as at April 1, 2018
Bank deposit	12,411,178.64	28,032,639.46
Total	12,411,178.64	28,032,639.46

5.2 Notes receivable and accounts receivable

Item	Balance as at March 31, 2019	Balance as at April 1, 2018
Notes receivable		
Accounts receivable	36,616,620.83	23,920,933.43
Total	36,616,620.83	23,920,933.43

5.2.1 Accounts receivable

(1) Breakdown of accounts receivable

Aging	Balance as at March 31, 2019				Balance as at April 1, 2018			
	Book balance	Proportion in total amount	Provision for bad debts	Proportion of provision for bad debts	Book balance	Proportion in total amount	Provision for bad debts	Proportion of provision for bad debts
Within 1 year	36,616,620.83	100.00%			23,920,933.43	100.00%		
Total	36,616,620.83	100.00%			23,920,933.43	100.00%		

(2) Accounts receivable with significant balance as at March 31, 2019

Company name	Relationship with the Company	Nature / Content	Amount	Aging	Proportion in total accounts receivable
Jaguar Land Rover (China) Investment Co., Ltd.	Controlled by the same ultimate controller	Income from the sales of products and services	19,887,420.11	Within 1 year	54.31%
Chery Jaguar Land Rover Automotive Co., Ltd.	Related company of the parent company	Income from the sales of products and services	16,729,200.72	Within 1 year	45.69%

5.3 Advances to suppliers

Aging analysis

Aging	Balance as at March 31, 2019		Balance as at April 1, 2018	
	Book balance	Proportion	Book balance	Proportion
Within 1 year	752,176.63	100.00%		
Total	752,176.63	100.00%		

5.4 Other receivables

SPARK44 SHANGHAI LIMITED
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Item	Balance as at March 31, 2019	Balance as at April 1, 2018
Interest receivable		
Dividends receivable		
Other receivables	5,152,113.27	2,465,646.08
Total	5,152,113.27	2,465,646.08

5.4.1 Other receivables

(1) Breakdowns of other receivables:

Aging	Balance as at March 31, 2019				Balance as at April 1, 2018			
	Book balance	Proportion in total amount	Provision for bad debts	Proportion of provision for bad debts	Book balance	Proportion in total amount	Provision for bad debts	Proportion of provision for bad debts
Within 1 year	4,108,111.12	79.74%			1,254,505.62	50.88%		
1 - 2 years	133,508.67	2.59%			303,280.46	12.30%		
2 - 3 years	2,633.48	0.05%			907,860.00	36.82%		
3 - 4 years	907,860.00	17.62%						
Total	5,152,113.27	100.00%			2,465,646.08	100.00%		

(2) Other receivables with significant balance as at March 31, 2019

Company name	Relationship with the Company	Nature / Content	Amount	Aging	Proportion in total other receivables
Spark44 Ltd	Controlled by the same parent company	Advances	3,920,095.63	Within 1 year	76.09%
Shanghai Shangyi Housing Leasing Co., Ltd.	Non-related party	Deposit	1,026,121.00	1 - 2 years, over 3 years	19.92%

5.5 Original cost of fixed assets and accumulated depreciation

Item	Balance as at March 31, 2019	Balance as at April 1, 2018
Fixed assets	1,096,255.70	1,267,329.65
Disposal of fixed assets		
Total	1,096,255.70	1,267,329.65

Original cost of fixed assets and accumulated depreciation

(1) Original cost of fixed assets

Category	Balance as at April 1, 2018	Increase in the current period	Decrease in the current period	Balance as at March 31, 2019
Electronic equipment	4,007,517.40	615,115.00		4,622,632.40
Total	4,007,517.40	615,115.00		4,622,632.40

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(2) **Accumulated depreciation**

Category	Balance as at April 1, 2018	Increase in the current period	Withdrawal in the current period	Decrease in the current period	Balance as at March 31, 2019
Electronic equipment	2,740,187.75		786,188.95		3,526,376.70
Total	2,740,187.75		786,188.95		3,526,376.70

(3) **Net value of fixed assets**

Category	Balance as at April 1, 2018	Increase in the current period	Decrease in the current period	Balance as at March 31, 2019
Electronic equipment	1,267,329.65	615,115.00	786,188.95	1,096,255.70
Total	1,267,329.65	615,115.00	786,188.95	1,096,255.70

(4) **Book value of fixed assets**

Category	Balance as at April 1, 2018	Increase in the current period	Decrease in the current period	Balance as at March 31, 2019
Electronic equipment	1,267,329.65	615,115.00	786,188.95	1,096,255.70
Total	1,267,329.65	615,115.00	786,188.95	1,096,255.70

5.6 Intangible assets

Item	Balance as at April 1, 2018	Increase in the current period	Decrease in the current period	Balance as at March 31, 2019
1. Total original cost	939,302.83	202,712.74		1,142,015.57
Computer software	939,302.83	202,712.74		1,142,015.57
2. Total accumulated amortization	300,339.98	410,695.20		711,035.18
Computer software	300,339.98	410,695.20		711,035.18
3. Total provision for impairment of intangible assets				
Computer software				
4. Total book value of intangible assets	638,962.85	202,712.74	410,695.20	430,980.39
Computer software	638,962.85	202,712.74	410,695.20	430,980.39

5.7 Long-term deferred expenses

Item	Balance as at April 1, 2018	Increase in the current period	Amortization in the current period	Other decreases	Balance as at March 31, 2019	Causes of other decreases
Renovation costs	390,822.38		390,822.38			
Total	390,822.38		390,822.38			

5.8 Notes payable and accounts payable

Item	Balance as at March 31, 2019	Balance as at April 1, 2018
Notes payable		
Accounts payable	12,381,933.15	15,203,253.59
Total	12,381,933.15	15,203,253.59

Accounts payable

(1) Presentation of accounts payable:

Item	Balance as at March 31, 2019	Balance as at April 1, 2018
Accounts payable	12,381,933.15	15,203,253.59

(2) There were no significant accounts payable with aging over one year as at March 31, 2019.

5.9 Employee compensation payable

Item	Balance as at April 1, 2018	Increase in the current period	Decrease in the current period	Balance as at March 31, 2019
I. Short-term compensation	1,285,694.84	47,115,847.31	47,713,784.15	687,758.00
(1) Salaries, bonuses, allowances and subsidies	1,285,694.84	42,682,362.98	43,280,299.82	687,758.00
(2) Employee welfare expenses		320,044.92	320,044.92	
Including: bonus and welfare funds of foreign-invested enterprises				
(3) Social insurance premiums		2,288,261.22	2,288,261.22	
Including: medical insurance premium		2,013,669.87	2,013,669.87	
Work-related injury insurance premium		91,530.45	91,530.45	
Maternity insurance premiums		183,060.90	183,060.90	
(4) Housing provident fund		1,369,235.00	1,369,235.00	
(5) Labor union expenditures and employee education funds		135,851.52	135,851.52	
(6) Other short-term compensated absences				
(7) Short-term profit sharing plan				
(8) Other short-term compensation		320,091.67	320,091.67	
II. Defined contribution plans		4,118,870.19	4,118,870.19	
(1) Basic endowment insurance premiums		3,844,278.85	3,844,278.85	
(2) Unemployment insurance premiums		274,591.34	274,591.34	
(3) Enterprise annuity payment				
(4) Others				
III. Defined benefit plans				
IV. Dismissal welfare		2,204,836.72	1,822,166.72	382,670.00
V. Other long-term benefits				
Sub-total	1,285,694.84	53,439,554.22	53,654,821.06	1,070,428.00
Less: payment after 12 months since the balance sheet date				
Total	1,285,694.84	53,439,554.22	53,654,821.06	1,070,428.00

5.10 Taxes and surcharges payable

Item	Balance as at March 31, 2019	Balance as at April 1, 2018
Value-added tax	708,551.93	962,776.10
Urban maintenance and construction tax	49,996.75	70,498.63
Enterprise income tax	278,112.10	19,460.63
Individual income tax	319,738.37	884,008.40
Education surtax	28,569.57	50,356.16
Total	1,384,968.72	1,987,099.92

5.11 Other payables

Item	Balance as at March 31, 2019	Balance as at April 1, 2018
Interest payable		
Dividends payable		5,000,000.00
Other payables	11,791,274.29	11,930,536.65
Total	11,791,274.29	16,930,536.65

5.11.1 Dividends payable

Name or type of investor	Balance as at March 31, 2019	Balance as at April 1, 2018
SPARK44 (JV) LIMITED		5,000,000.00
Total		5,000,000.00

5.11.2 Other payables

(1) Presentation of other payables:

Item	Balance as at March 31, 2019	Balance as at April 1, 2018
Other payables	11,791,274.29	11,930,536.65

(2) Other payables with significant balance as at March 31, 2019:

Company name	Amount	Nature / Content
Spark44 Ltd	10,157,145.92	Advances

5.12 Paid-in capital

Name of contributor	Balance as at April 1, 2018	Increase in the current period	Decrease in the current period	Balance as at March 31, 2019	Contribution proportion
SPARK44 (JV) LIMITED	1,000,000.00			1,000,000.00	100.00%
Total	1,000,000.00			1,000,000.00	100.00%

Note: The above capital has been verified by Shanghai Juzheng Certified Public Accountants Co., Ltd. with Report of Capital Verification (HJKYZ [2014] No. 1031).

5.13 Capital reserves

Item	Balance as at April 1, 2018	Increase in the current period	Decrease in the current period	Balance as at March 31, 2019
Capital premium (share premium)	4,440.50			4,440.50
Total	4,440.50			4,440.50

5.14 Surplus reserves

Item	Balance as at April 1, 2018	Increase in the current period	Decrease in the current period	Balance as at March 31, 2019
Statutory surplus	500,000.00			500,000.00

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Item	Balance as at April 1, 2018	Increase in the current period	Decrease in the current period	Balance as at March 31, 2019
reserves				
Total	500,000.00			500,000.00

Note: Where the cumulative amount of the statutory surplus reserves of the Company exceeds 50% of the registered capital, the Company may cease to further make such appropriation.

5.15 Retained earnings

Item	Amount
Retained earnings as at April 1, 2018	19,805,308.35
Plus: net profit in the current period	8,520,972.45
Retained earnings as at March 31, 2019	28,326,280.80

5.16 Operating income and operating costs

Item	Current period		Last period	
	Income	Cost	Income	Cost
Primary business	115,441,293.04	83,545,936.90	141,272,089.27	110,719,975.86
Total	115,441,293.04	83,545,936.90	141,272,089.27	110,719,975.86

5.17 Taxes and surcharges

Item	Current period	Last period
Urban maintenance and construction tax	227,304.71	299,084.67
Education surtax	133,494.50	213,631.91
Stamp duty	60,781.03	65,609.42
Total	421,580.24	578,326.00

5.18 General and administrative expenses

Item	Current period	Last period
Employee compensation	9,469,069.30	7,940,925.37
Management support fees	515,768.76	3,288,278.29
Leasing and property management fees	3,925,602.63	3,342,747.21
Depreciation and amortization of long-term assets	1,587,706.53	2,902,865.41
Communications and information technology fees	1,700,408.53	1,798,042.68
Travelling expenses	1,415,747.30	1,476,685.57
Business entertainment expenses	745,377.15	1,054,800.58
Office expenses	965,752.58	930,874.83
Intermediary service charges	604,624.65	612,732.89
Recruitment expenses	288,792.45	171,723.75
Total	21,218,849.88	23,519,676.58

5.19 Financial expenses

Category	Current period	Last period
Interest expenses		
Less: interest income	148,653.54	59,585.88
Profit or loss on foreign exchange	-83,426.89	173,989.16
Others	7,778.51	8,903.31
Total	-224,301.92	123,306.59

5.20 Income from assets disposal

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Item	Current period	Last period
Gains or losses on disposal of fixed assets		2,918.34

5.21 Other income

Item	Current period	Last period
Income-related Government subsidies	166,655.39	145,499.43
Total	166,655.39	145,499.43

5.22 Non-operating income

Item	Current period	Last period
Government subsidies	1,210,000.00	1,060,000.00
Total	1,210,000.00	1,060,000.00

5.23 Income tax expenses

Item	Current period	Last period
Current income tax expenses	3,334,910.88	1,664,350.57
Total	3,334,910.88	1,664,350.57

5.24 Supplementary information to the statement of cash flows

Item	Current period	Last period
I. Net profit adjusted to cash flows from operating activities		
Net profit	8,520,972.45	5,874,871.44
Plus: provision for assets impairment		
Depreciation of fixed assets, depletion of oil and gas assets and depreciation of productive biological assets	786,188.95	827,101.00
Amortization of intangible assets	410,695.20	156,521.44
Amortization of long-term deferred expenses	390,822.38	1,919,242.97
Losses from disposal of fixed assets, intangible assets and other long-term assets ("-" for gains)		-2,918.34
Losses from write-off of fixed assets ("-" for gains)		
Losses from changes in fair value ("-" for gains)		
Financial expenses ("-" for gains)	-0.27	1.26
Investment losses ("-" for gains)		
Decreases in deferred tax assets ("-" for increases)		
Increases in deferred tax liabilities ("-" for decreases)		
Decreases in inventories ("-" for increases)		
Decreases in operating receivables ("-" for increases)	-16,134,331.22	-4,761,182.79
Increases in operating payables ("-" for decreases)	-3,647,128.40	7,136,716.16
Others		
Net cash flows from operating activities	-9,672,780.91	11,150,353.14
II. Significant investing and financing activities not involving cash inflow and outflow:		
Conversion of debt into capital		
Convertible corporate bonds maturing within one year		
Fixed assets acquired under financial leasing		
III. Net changes in cash and cash equivalents		
Ending balance of cash	12,411,178.64	28,032,639.46
Less: beginning balance of cash	28,032,639.46	18,070,490.49
Plus: ending balance of cash equivalents		
Less: beginning balance of cash equivalents		
Net increase in cash and cash equivalents	-15,621,460.82	9,962,148.97

6 Related parties and related-party transactions

6.1 Related parties

6.1.1 Parent company of the Company (Monetary unit: RMB'0,000)

Name of parent company	Registration place	Shareholding ratio in the Company (%)	Voting right in the Company (%)
SPARK44 (JV) LIMITED	Abbey Road, Whitley, Coventry CV3 4LF	100	100

6.1.2 Other related parties of the Company

Name of other related party	Relationship with the Company
Spark44 LTD	Controlled by the same parent company
Spark44 GmbH	Controlled by the same parent company
Spark44 Singapore	Controlled by the same parent company
Jaguar Land Rover (China) Investment Co., Ltd.	Controlled by the same ultimate controller
Chery Jaguar Land Rover Automotive Co., Ltd.	Related company of the parent company

6.2 Related-party transactions

6.2.1 Purchase of goods and receipt of services

Name of related party	Contents of related party transactions	Current period	Last period
Spark44 LTD	Receipt of labor services	3,715,209.69	2,830,098.37
Spark44 GmbH	Receipt of labor services	636,639.50	622,499.94
Spark44 Singapore	Receipt of labor services	164,731.63	

6.2.2 Sale of goods and rendering of services

Name of related party	Contents of related-party transactions	Current period	Last period
Chery Jaguar Land Rover Automotive Co., Ltd.	Rendering of services	40,286,962.29	40,501,740.11
Jaguar Land Rover (China) Investment Co., Ltd.	Rendering of services	75,048,891.77	100,741,139.19

6.2.3 Receivables from and payables to related parties

Item	Related party	As at March 31, 2019		As at April 1, 2018	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable					
	Chery Jaguar Land Rover Automotive Co., Ltd.	16,729,200.72		10,520,958.87	
	Jaguar Land Rover (China) Investment Co., Ltd.	19,887,420.11		13,399,974.56	
Other receivables					
	Spark44 Singapore	97,650.00			
	Spark44 Ltd	3,920,095.63		630,761.08	
Other payables					

SPARK44 SHANGHAI LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

Item	Related party	As at March 31, 2019		As at April 1, 2018	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
	Spark44 Ltd	10,157,145.92		9,216,003.52	
	SPARK44 (JV) LIMITED	466,454.93		466,454.93	
	Spark44 GmbH			625,803.29	
	Spark44 Singapore	162,616.67			

7 Commitments and contingencies

7.1 Significant commitments

The Company had no significant commitments required to be disclosed as at March 31, 2019.

7.2 Contingencies

The Company had no major contingencies required to be disclosed as at March 31, 2019.

8 Post-balance-sheet events

The Company had no major post-balance-sheet non-adjusted events required to be disclosed by the Company as at May 18, 2019.

9 Notes to other significant events

The Company had no other significant events required to be disclosed as at March 31, 2019.

Spark44 Shanghai Limited

May 18, 2019