

**Wipro (Shanghai) Limited**

**Auditors' Report and Financial Statements**

**For the Year Ended December 31, 2018**

**Wipro (Shanghai) Limited**  
**Auditors' Report and Financial Statements**  
(For the Year Ended December 31, 2018)

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## **Auditor's Report**

PCPAR (2019) No.ZA40961

**To shareholders of Wipro (Shanghai) Limited,**

### **Opinion**

We have audited the accompanying financial statements of Wipro (Shanghai) Limited (hereafter referred to as "the Company"), which comprise the statement of financial position as at December 31, 2018, 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 present fairly, in all material respects, the financial position of the Company as at December 31, 2018, and its financial performance and its cash flows for the year ended in accordance with Accounting Standards for Business Enterprises.

### **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 and those charged with governance for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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, as applicable, matters related to going concern and using the going concern basis of accounting unless 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.

### **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 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 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.



立信会计师事务所(特殊普通合伙)  
BDO CHINA SHU LUN PAN CERTIFIED PUBLIC ACCOUNTANTS LLP

We communicate with those charged with governance 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

Gao Fei

Li Ke

Shanghai, China

Date: 30 May, 2019

**Wipro (Shanghai) Limited**  
**Statement of Financial Position**  
**As at December 31, 2018**

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

Assets	Notes	As at December 31, 2018	As at December 31, 2017
Current assets:			
Cash and cash equivalents	5.1	31,668,250.79	7,820,602.60
Financial assets measured at fair value through profit and loss			
Derivative financial assets			
Notes receivable and accounts receivable	5.2	3,341,023.86	26,711,708.42
Advances to suppliers	5.3	119,527.22	389,660.08
Other receivables	5.4	29,920,432.34	34,695,961.92
Inventories			
Assets held for sale			
Non-current assets maturing within one year			
Other current assets	5.5		1,064,457.07
<b>Total current assets</b>		<b>65,049,234.21</b>	<b>70,682,390.09</b>
Non-current assets:			
Available-for-sale financial assets			
Held-to-maturity investments			
Long-term receivables	5.6	248,631.62	4,066,109.67
Long-term equity investments			
Investment properties			
Fixed assets	5.7	569,762.00	13,268,248.79
Construction in progress			
Productive biological assets			
Oil and natural gas assets			
Intangible assets			
Development costs			
Goodwill			
Long-term deferred expenses			
Deferred tax assets			
Other non-current assets			
<b>Total non-current assets</b>		<b>818,393.62</b>	<b>17,334,358.46</b>
<b>Total assets</b>		<b>65,867,627.83</b>	<b>88,016,748.55</b>

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

Legal Representative: Manoj Nagpaul      Chief Accountant: Venkatesh Bhat      Accountant in Charge: Venkatesh Bhat

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**Wipro (Shanghai) Limited**  
**Statement of Financial Position (Continued)**  
**As at December 31, 2018**

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

Liabilities and owners' equity	Notes	As at December 31, 2018	As at December 31, 2017
<b>Current liabilities:</b>			
Short-term borrowings			
Financial liabilities measured at fair value through profit and loss			
Derivative financial liabilities			
Notes payable and accounts payable	5.8	110,595.82	9,631,298.95
Advances from customers			
Employee benefits payable	5.9	3,564,922.24	3,830,627.19
Taxes and surcharges payable	5.10	930,459.68	1,061,565.06
Other payables	5.11	26,583,125.48	39,415,335.55
Liabilities held for sale			
Non-current liabilities maturing within one year			
Other current liabilities			
<b>Total current liabilities</b>		<b>31,189,103.22</b>	<b>53,938,826.75</b>
<b>Non-current liabilities:</b>			
Long-term borrowings			
Bonds payable			
Including: Preference shares			
Perpetual debts			
Long-term payables			
Long-term employee benefits payable			
Provisions			
Deferred income			
Deferred tax liabilities			
Other non-current liabilities			
<b>Total non-current liabilities</b>			
<b>Total liabilities</b>		<b>31,189,103.22</b>	<b>53,938,826.75</b>
<b>Owners' equity:</b>			
Paid-in capital	5.12	10,773,085.00	10,773,085.00
Other equity instruments			
Including: Preference shares			
Perpetual debts			
Capital reserves			
Other comprehensive income			
Specific reserves			
Surplus reserves	5.13	2,210,305.10	2,150,244.82
Retained profit	5.14	21,695,134.51	21,154,591.98
<b>Total owners' equity</b>		<b>34,678,524.61</b>	<b>34,077,921.80</b>
<b>Total liabilities and owners' equity</b>		<b>65,867,627.83</b>	<b>88,016,748.55</b>

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

Legal Representative: Manoj Nagpaul

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Chief Accountant: Venkatesh Bhat

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Accountant in Charge: Venkatesh Bhat

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**Wipro (Shanghai) Limited**  
**Statement of Comprehensive Income**  
**For the Year Ended December 31, 2018**  
**(All the amounts are denominated in CNY unless otherwise stated.)**

Items	Notes	2018	2017
1. Revenue from operations	5.15	14,907,725.23	72,994,144.93
Less: Cost of operations	5.15	14,584,550.00	61,193,350.19
Taxes and surcharges	5.16	44,149.30	26,040.16
Selling and distribution expenses		91,359.82	101,022.35
General and administrative expenses		1,246,119.58	5,080,636.63
Research and development expenses			
Financial expenses	5.17	1,180,618.50	275,367.18
Including: Interest expenses			
Interest income	5.17	211,377.74	169,048.16
Impairment of assets	5.18	-27,865.71	1,170,078.70
Plus: Other income	5.19	32,562.00	82,804.28
Investment income ("-" for loss)			
Including: Investment income from associates and joint ventures			
Gain on changes in fair value ("-" for loss)			
Gain on disposal of assets ("-" for loss)	5.20	3,349,302.96	2,200.00
2. Profit from operations ("-" for loss)		1,170,658.70	5,232,654.00
Plus: Non-operating income			
Less: Non-operating expenses	5.21	245,885.00	
3. Profit before tax ("-" for loss)		924,773.70	5,232,654.00
Less: Income tax expenses	5.22	324,170.89	1,061,565.06
4. Net profit ("-" for loss)		600,602.81	4,171,088.94
(1) Gain from continued operations ("-" for loss)		600,602.81	4,171,088.94
(2) Gain from discontinued operations ("-" for loss)			
5. Other comprehensive income net of tax			
(1) Other comprehensive income not to be reclassified as profit or loss			
(i) Movements arising from remeasurements of net liabilities or assets of the defined benefit plan			
(ii) Shares of other comprehensive income not to be reclassified as profit or loss in the investee under the equity method			
(2) Other comprehensive income to be reclassified as profit or loss			
(i) Shares of other comprehensive income to be reclassified as profit or loss in the investee under the equity method			
(ii) Gain on changes in fair value of available-for-sale financial assets ("-" for loss)			
(iii) Held-to-maturity investments reclassified as gain on available-for-sale financial assets ("-" for loss)			
(iv) Effective gain on hedged cash flows ("-" for loss)			
(v) Differences arising from the translation of foreign currency financial statements			
(vi) Others			
6. Total comprehensive income		600,602.81	4,171,088.94
7. Earnings per share:			
(1) Basic earnings per share (CNY/share)			
(2) Diluted earnings per share (CNY/share)			

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

Legal Representative: Manoj Nagpaul

Chief Accountant: Venkatesh Bhat

Accountant in Charge: Venkatesh Bhat

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**Wipro (Shanghai) Limited**  
**Statement of Cash Flows**  
**For the Year Ended December 31,2018**  
**(All the amounts are denominated in CNY unless otherwise stated.)**

Items	Notes	2018	2017
<b>1. Cash flows from operating activities</b>			
Cash receipts from the sale of goods and the rendering of services		42,570,034.90	61,563,564.03
Cash receipts of tax refunds			
Other cash receipts relating to operating activities		20,260,844.11	16,023,582.38
Sub-total of cash inflows from operating activities		62,830,879.01	77,587,146.41
Cash payments for goods purchased and services received		7,384,449.21	14,720,259.44
Cash payments to and on behalf of employees		15,653,666.06	40,135,615.98
Cash payments of all types of taxes and surcharges		1,105,714.35	3,453,883.78
Other cash payments relating to operating activities		13,450,884.30	8,076,373.63
Sub-total of cash outflows from operating activities		37,594,713.92	66,386,132.83
<b>Net cash flows from operating activities</b>	5.22	25,236,165.09	11,201,013.58
<b>2. Cash flows from investing activities</b>			
Cash receipts from disposal and redemption of investments			
Cash receipts from returns on investments			
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets			2,636,756.00
Net cash receipts from disposal of subsidiaries and other business units			
Other cash receipts relating to investing activities			
Sub-total of cash inflows from investing activities			2,636,756.00
Cash payments to purchase or construct fixed assets, intangible assets and other long-term assets			8,757,266.68
Cash payments to acquire investments			
Net cash payments for acquisitions of subsidiaries and other business units			
Other cash payments relating to investing activities			
Sub-total of cash outflows from investing activities			8,757,266.68
<b>Net cash flows from investing activities</b>			-6,120,510.68
<b>3. Cash flows from financing activities</b>			
Cash receipts from investments			
Cash receipts from borrowings			
Cash receipts from issuance of bonds			
Other cash receipts relating to financing activities			
Sub-total of cash inflows from financing activities			
Cash repayments of borrowings			
Cash payments for distribution of dividends, profits, or interest expenses			
Other cash payments relating to financing activities			
Sub-total of cash outflows from financing activities			
<b>Net cash flows from financing activities</b>			
<b>4. Effect of foreign exchange rate changes on cash and cash equivalents</b>		-1,388,516.90	-433,773.00
<b>5. Net increase in cash and cash equivalents</b>		23,847,648.19	4,646,729.90
Plus: Opening balance of cash and cash equivalents		7,820,602.60	3,173,872.70
<b>6. Closing balance of cash and cash equivalents</b>	5.22	31,668,250.79	7,820,602.60

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

Legal Representative: Manoj Nagpaul      Chief Accountant: Venkatesh Bhat      Accountant in Charge: Venkatesh Bhat

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**Wipro (Shanghai) Limited**  
**Statement of Changes in Equity**  
**For the Year Ended December 31, 2018**

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

Items	2018									
	Paid-in capital	Other equity instruments			Capital reserves	Other comprehensive income	Specific reserves	Surplus reserves	Retained profit	Total owners' equity
		Preference shares	Perpetual debts	Others						
1. Balance as at December 31, 2017	10,773,085.00									34,077,921.80
Plus: Adjustments for changes in accounting policies										
Adjustments for correction of accounting errors in prior periods										
Others										
2. Balance as at January 1, 2018	10,773,085.00									34,077,921.80
3. Increase in 2018 ("+" for decrease)										
(1) Total comprehensive income								21,154,591.98	540,542.53	600,602.81
(2) Capital contributions or withdrawals by owners								600,602.81	600,602.81	600,602.81
(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								60,060.28	-60,060.28	
(ii) Profit distribution to owners								60,060.28	-60,060.28	
(iii) Others										
(4) Internal transfer of owners' equity										
(i) Transfer of capital reserves into paid-in capital										
(ii) Transfer of surplus reserves into paid-in capital										
(iii) Surplus reserve covering losses										
(iv) Transfer of movements of the defined benefit plan into retained profit										
(v) Others										
(5) Special reserves										
(i) Appropriation during the current period										
(ii) Consumption during the current period										
(6) Others										
4. Balance as at December 31, 2018	10,773,085.00							2,210,305.10	21,695,134.51	34,678,524.61

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

Legal Representative: Manoj Nagpaul

Chief Accountant: Venkatesh Bhat

Accountant in Charge: Venkatesh Bhat

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**Wipro (Shanghai) Limited**  
**Statement of Changes in Equity (Continued)**  
**For the Year Ended December 31, 2018**  
 (All the amounts are denominated in CNY unless otherwise stated.)

Items	2017							Total owners' equity	
	Paid-in capital	Other equity instruments		Capital reserves	Other comprehensive income	Specific reserves	Surplus reserves		Retained profit
		Preference shares	Perpetual debits						
1. Balance as at December 31, 2016	10,773,085.00						1,920,684.51	17,213,063.35	29,906,832.86
Plus: Adjustments for changes in accounting policies									
Adjustments for correction of accounting errors in prior periods									
Others									
2. Balance as at January 1, 2017	10,773,085.00						1,920,684.51	17,213,063.35	29,906,832.86
3. Increase in 2017 ("+" for decrease)							229,560.31	3,941,528.63	4,171,088.94
(1) Total comprehensive income								4,171,088.94	4,171,088.94
(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							229,560.31	-229,560.31	
(ii) Profit distribution to owners							229,560.31	-229,560.31	
(iii) Others									
(4) Internal transfer of owners' equity									
(i) Transfer of capital reserves into paid-in capital									
(ii) Transfer of surplus reserves into paid-in capital									
(iii) Surplus reserve covering losses									
(iv) Transfer of movements of the defined benefit plan into retained profit									
(v) Others									
(5) Special reserves									
(i) Appropriation during the current period									
(ii) Consumption during the current period									
(6) Others									
4. Balance as at December 31, 2017	10,773,085.00						2,150,244.82	21,154,591.98	34,077,921.80

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

Legal Representative: Manoj Nagpal

Chief Accountant: Venkatesh Bhat

Accountant in Charge: Venkatesh Bhat

**Wipro (Shanghai) Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

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

**1. Company profile**

Wipro (Shanghai) Limited (“the Company”), invested by Wipro Limited and Wipro Singapore Pte Limited, is a foreign joint venture limited liability company approved to be established in Shanghai province on 27 April, 2004.

Its uniform social credit code No. is 91310000761626497X.

As of December 31, 2018, its registered capital is USD 1,650,000.00. The Company is located in Room 302, Leigers Chang Xing mansion, 1 / F, Changxing building, 888 Bi Bo Road, Pudong New Area, Shanghai.

As at 25 March, 2015 Wipro Singapore Pte Limited transferred all the shares held to Wipro Cyprus Pte Limited by approved.

The Company is mainly engaged in R & D, development, procure of company software, sales of self produced products, provide relevent technical advice and technical services; design, debugging and maintenance of system integration; air ticket booking and cancellation of business data processing services; through voice and Internet media in customer contact, customer information input and solve, and related customer consultation and expenditure service; scientific and technological information consultation, company management consulting, logistics management consulting, and financial management consultation and outsourcing services.

**2. Basis of preparation for financial statements**

**2.1 Basis of preparation for financial statements**

The Company recognizes and measures its accounting items on a going concern basis in compliance with the Accounting Standards for Business Enterprises – Basic Standards and specific accounting standards, the Application Guidance on the Accounting Standards for Business Enterprises, the Explanation on the Accounting Standards for Business Enterprises, and other relevant regulations published by the Ministry of Finance (all of which known as “the Accounting Standards for Business Enterprises”) on the basis of actual transactions and events, and prepares its financial statements on the above basis.

**2.2 Going concern**

The Company is able to continue to operate as a going concern for the foreseeable future since the end of the reporting period, and there are no significant events affecting its 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, 2017, and its financial performance and its cash flows for the year then ended in accordance with the Accounting Standards for Business Enterprises.

**3.2 Accounting year**

The accounting year is from January 1 to December 31.

**3.3 Operating cycle**

The Company's accounting 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**

Transactions arising in foreign currencies are translated into RMB at exchange rates at the transaction dates. At the balance sheet date, foreign currency monetary assets and liabilities are translated into RMB at that date. Exchange differences arising from these translations are expensed.

Contributions to paid-in capital made in foreign currencies are translated into the RMB denominated paid-in capital account at the stipulated exchange rates at the date of contribution.

### 3.7 Financial instruments

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

#### 3.7.1 Recognition and measurement of financial instruments

##### Receivables

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

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

#### 3.8 Allowance for bad debts of receivables

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

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

Aging	Proportion of allowance for bad debts of accounts receivable (%)
Within 180 days	0.00
181 to 360 days	35.00
Over 360 days	100.00

### 3.9 Fixed assets

#### 3.9.1 Recognition of fixed assets

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

recognized when all the following criteria are satisfied:

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

### 3.9.2 Depreciation methods of fixed assets

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

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

Categories	Depreciation methods	Depreciation periods (years)	Residual rates (%)	Annual depreciation rates (%)
Computer & Equipments	straight-line method	2-4	0.00	24.75-49.50
Office Equipment	straight-line method	5-21	0.00	4.71-19.80
Furniture and Fixture	straight-line method	5	0.00	19.80

### 3.10 Employee benefits

#### 3.10.1 Accounting for short-term benefits

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

Social insurance fees and housing provident funds paid by the Company for the employees, as well as labor union fees and labor education fees accrued during the period when the

employees render services to the Company shall be recognized as employee benefits payable according to the stipulated basis of calculation and proportion.

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

According to regulations, insurances and accumulation fund paid to labour and social insurance institutions are based on accrued payroll and can't excess certain limited. The rates for insurances and accumulated fund are as follow:

Type	Rate
Basic retirement insurance	19.00%
Basic hospitalization insurance	7.50%
Unemployment insurance	0.60%
Maternity insurance	0.80%
Accidental insurance	0.14%
Basic housing accumulated fund	10.00%

### 3.10.2 Accounting for post-employment benefits

#### 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.

### 3.10.3 Accounting for termination benefits

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



### **3.11 Revenue**

#### **General principles for recognition of revenue from provide services:**

Starting and completing in the same accounting year, the income is confirmed when the service is completed. If the start and completion of the labor service belong to different accounting years, if the result of the labor transaction can be reliably estimated, the relevant labor income will be recognized on the balance sheet date according to the percentage of completion. As a service transaction results can not reliably estimated, the labor cost can be compensated by the compensation amount, to confirm the income, have been labor costs as incurred; if have labor costs can not be compensated by the labor cost has occurred as expense, no revenue.

### **3.12 Government grants**

#### **3.12.1 Classification**

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

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

#### **3.12.2 Accounting treatments**

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

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

### **3.13 Leases**

#### **3.13.1 Accounting treatments for operating leases**

- i) The lease payments for assets acquired under operating leases should be recognized as expenses of the current period over the lease terms (including rent-free periods) on a straight-line basis. Initial direct costs relating to lease transactions incurred by the Company shall be recognized as expenses of the current period.

If expenses relating to lease which should be borne by the Company are paid by the lessor of the assets, they shall be deducted from the total lease expenses and the balances shall be amortized over the lease terms and charged to expenses of the current period.

- ii) Lease income from assets surrendered under operating leases should be recognized over the lease terms (including rent-free periods) on a straight-line basis. Initial direct costs relating to lease transactions incurred by the Company shall be recognized as expenses of the current period; if the amounts are material, they shall be capitalized and amortized over the lease terms on the same basis as the recognition of lease income.

If expenses relating to leases which should be borne by the lessee of the assets are paid by the Company, they shall be deducted from the total lease income and the balances shall be amortized over the lease terms by the Company.

#### **3.13.2 Accounting treatments for finance leases**

- i) Assets acquired under finance leases: At commencement of the lease terms, assets acquired under finance leases should be recorded at the lower of their fair value and the present value of the minimum lease payments. The Company shall recognize long-term payables at amounts equal to the minimum lease payments, and shall record the differences between carrying amounts of the leased assets and the long-term payables as unrecognized finance charges. The Company adopts the effective interest rate method. The unrecognized finance charges shall be amortized over the lease terms as finance expenses. Initial direct costs incurred by the Company shall be included in the costs of leased assets.
- ii) Assets surrendered under finance leases: At commencement of the lease terms, the Company shall recognize the differences between the undiscounted rents receivable plus unguaranteed residual value and their present value as unrealized finance income, and shall amortize it over the lease terms as lease income. Initial direct costs relating to lease transactions incurred by the Company shall be included in the initial measurement of the rents receivable and the lease income recognized over the lease terms shall be reduced accordingly.

**3.14 Changes in major accounting policies and accounting estimates**

**3.15.1 Changes in major accounting policies**

The Ministry of Finance promulgated the Notice on the Revision of the Format of the Financial Statements of General Enterprises for Issuance in 2018 (Cai Kuai (2018) No.15), which revised the format of the financial statements of general enterprises. Major impacts of the above stipulation on the Company are summarized below:

Changes in accounting policies and their reasons	Affected accounting items and amounts
<p>(1) In the statement of financial position, the accounting items “notes receivable” and “accounts receivable” are combined to be presented as “notes and accounts receivable”; “notes payable” and “accounts payable” are combined to be presented as “notes and accounts payable”</p>	<p>“Notes receivable” and “accounts receivable” are combined to be presented as “notes and accounts receivable”, whose closing and opening balances are CNY 3,341,023.86 and CNY 26,711,708.42 respectively;</p> <p>“Notes payable” and “accounts payable” are combined to be presented as “notes and accounts payable”, whose closing and opening balances are CNY 110,595.82 and CNY 9,631,298.95 respectively.</p>
<p>(2) In the statement of comprehensive income, a new accounting items of “of which: interest expense” and “interest income” are added as part of financial expenses. Comparative data is adjusted accordingly.</p>	<p>The closing and opening balances of “interest income” are CNY 211,377.74 and CNY 169,048.16 respectively.</p>

**3.15.2 Changes in major accounting estimates**

None.

**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 from sale of goods and provision of services, and VAT is paid at the net amounts after deducting input VAT for the current period.	6%
Urban maintenance and construction tax	Urban maintenance and construction tax is calculated and paid on VAT and excise tax actually paid.	7%
Education surcharges	Urban maintenance and construction tax is calculated and paid on actually paid business tax, VAT and excise tax.	5%
Corporate income tax	Corporate income tax is calculated and paid on taxable profits.	15%

**4.2 Tax incentives and exemptions**

According to Caishui (2014) No.59 issued by the State Administration of Taxation on 19 October 2014, corporate income tax shall be levied at a reduced rate of 15% for recognized advanced technology service enterprise from 2014. The company obtained the certificate of advanced technology service enterprise in 2009.

**5. Notes to the main items of financial statements**

**5.1 Cash and cash equivalents**

Items	As at December 31, 2018	As at December 31, 2017
Cash on hand		
Cash at bank	31,668,250.79	7,820,602.60
Other cash and cash equivalents		
Total	31,668,250.79	7,820,602.60

**5.2 Notes receivable and accounts receivable**

Items	As at December 31, 2018	As at December 31, 2017
Notes receivable		
Accounts receivable	3,341,023.86	26,711,708.42
Total	3,341,023.86	26,711,708.42

5.2.1 Accounts receivable

5.2.1.1 Aging analysis of accounts receivable

Aging	As at December 31, 2018						As at December 31, 2017					
	Carrying amounts		Allowance for bad debts		Net book value	Proportion (%)	Carrying amounts		Allowance for bad debts		Net book value	Proportion (%)
	Amounts	Proportion (%)	Amounts	Proportion (%)			Amounts	Proportion (%)	Amounts	Proportion (%)		
Within 180 days	3,217,941.35	64.88			3,286,740.20		14,265,607.44	50.35			14,265,607.44	
181 to 360 days	123,082.51	2.48			54,283.66		6,312,655.43	22.28			5,158,856.68	
Over 361 days	1,619,150.00	32.64	1,619,150.00	100.00			7,752,595.55	27.37	465,351.25		7,287,244.30	6.00
Total	4,960,173.86	100.00	1,619,150.00		3,341,023.86		28,330,858.42	100.00	1,619,150.00		26,711,708.42	

5.2.1.2 Movements in allowance for bad debts of accounts receivable

Items	As at December 31, 2018	As at December 31, 2017
Opening balances	1,619,150.00	465,351.25
Writedowns		1,153,798.75
Reverses		
Writeoffs		
Closing balances	1,619,150.00	1,619,150.00

5.3 Advances to suppliers

5.3.1 Aging analysis of advances to suppliers

Aging	As at December 31, 2018		As at December 31, 2017	
	Amounts	Proportion (%)	Amounts	Proportion (%)
Within 1 year	119,527.22	100.00	318,682.43	81.78
Over 1 years			70,977.65	18.22
Total	119,527.22	100.00	389,660.08	100.00

5.4 Other receivables

Items	As at December 31, 2018	As at December 31, 2017
Interest receivable		
Dividends receivable		
Other receivables	29,920,432.34	34,695,961.92
Total	29,920,432.34	34,695,961.92

5.4.1 Other receivables

5.4.1.1 Aging analysis of other receivables

Aging	As at December 31, 2018						As at December 31, 2017					
	Carrying amounts		Allowance for bad debts		Net book value		Carrying amounts		Allowance for bad debts		Net book value	
	Amounts	Proportion (%)	Amounts	Proportion (%)			Amounts	Proportion (%)	Amounts	Proportion (%)		
Within 1 year	29,912,162.34	99.96			29,912,162.34		33,608,617.99	96.78			33,608,617.99	
1 to 2 years	2,589.66	0.01			2,589.66		1,402.30				1,402.30	
2 to 3 years												
Over 3 years	10,149.10	0.03	4,468.76	44.03	5,680.34		1,118,276.10	3.22	32,334.47	2.89	1,085,941.63	
Total	29,924,901.10	100.00	4,468.76		29,920,432.34		34,728,296.39	100.00	32,334.47		34,695,961.92	



5.4.1.2 Movements in allowance for bad debts of other receivables

Items	As at December 31, 2018	As at December 31, 2017
Opening balances	32,334.47	16,054.52
Writedowns	23,746.10	16,279.95
Reverses	51,611.81	
Writeoffs		
Closing balances	4,468.76	32,334.47

5.4.1.3 Breakdown of other receivables

Items	As at December 31, 2018	As at December 31, 2017
Due from related parties	29,911,297.37	34,114,004.91
Due from employees	6,468.76	62,329.65
Deposits		551,961.83
Others	7,134.97	
Total	29,924,901.10	34,728,296.39

5.5 Other current assets

Items	As at December 31, 2018	As at December 31, 2017
Deductible input VAT		1,064,457.07
Total		1,064,457.07

5.6 Long-term receivables

5.6.1 Breakdown of long-term receivables

Items	As at December 31, 2018			As at December 31, 2017			Discount rate margin
	Carrying amounts	Allowance for bad debts	Net book value	Carrying amounts	Allowance for bad debts	Net book value	
Due under finance leases	248,631.62		248,631.62	4,066,109.67		4,066,109.67	
Including: Unrealized finance income	17,188.61		17,188.61	77,894.10		77,894.10	
Total	248,631.62		248,631.62	4,066,109.67		4,066,109.67	

5.7 Fixed assets

5.7.1 Fixed assets and disposal of fixed assets

Items	As at December 31, 2018		As at December 31, 2017	
Fixed assets		569,762.00		13,268,248.79
Disposal of fixed assets				
Total		569,762.00		13,268,248.79

5.7.2 Breakdown of fixed assets

Items	Office equipment	Computers & equipment	Furniture and Fixture	Total
1. Carrying amounts				
(1) As at December 31, 2017	8,920,354.61	29,237,669.34	5,818,000.94	43,976,024.89
(2) Increases				
(3) Decreases	494,249.50	23,454,600.85		23,948,850.35
—Disposals	494,249.50	23,454,600.85		23,948,850.35
(4) As at December 31, 2018	8,426,105.11	5,783,068.49	5,818,000.94	20,027,174.54
2. Accumulated depreciation and amortization				
(1) As at December 31, 2017	8,193,143.61	16,719,732.55	5,794,899.94	30,707,776.10
(2) Increases	187,437.00	2,845,561.75	7,549.00	3,040,547.75
—Accruals	187,437.00	2,845,561.75	7,549.00	3,040,547.75
(3) Decreases	248,534.50	14,042,376.81		14,290,911.31
—Disposals	248,534.50	14,042,376.81		14,290,911.31
(4) As at December 31, 2018	8,132,046.11	5,522,917.49	5,802,448.94	19,457,412.54
3. Net book value				
(1) As at December 31, 2018	294,059.00	260,151.00	15,552.00	569,762.00
(2) As at December 31, 2017	727,211.00	12,517,936.79	23,101.00	13,268,248.79

**5.8 Notes payable and accounts payable**

Items	As at December 31, 2018	As at December 31, 2017
Notes payable		
Accounts payable	110,595.82	9,631,298.95
<b>Total</b>	<b>110,595.82</b>	<b>9,631,298.95</b>

**5.8.1 Accounts payable**

**5.8.1.1 Breakdown of accounts payable**

Items	As at December 31, 2018	As at December 31, 2017
Purchases of services	110,595.82	9,631,298.95
<b>Total</b>	<b>110,595.82</b>	<b>9,631,298.95</b>

**5.9 Employee benefits payable**

**5.9.1 Breakdown of employee benefits payable**

Items	As at December 31, 2017	Accruals	Payments	As at December 31, 2018
Short-term benefits	3,830,627.19	15,387,961.11	15,653,666.06	3,564,922.24
<b>Total</b>	<b>3,830,627.19</b>	<b>15,387,961.11</b>	<b>15,653,666.06</b>	<b>3,564,922.24</b>

**5.9.2 Breakdown of short-term benefits**

Items	As at December 31, 2017	Accruals	Payments	As at December 31, 2018
(1) Salary, bonus, allowance and subsidies	3,830,627.19	15,387,961.11	15,653,666.06	3,564,922.24
Total	3,830,627.19	15,387,961.11	15,653,666.06	3,564,922.24

**5.10 Taxes and surcharges payable**

Items	As at December 31, 2018	As at December 31, 2017
Value added tax (VAT)	606,288.78	
Corporate income tax	324,170.90	1,061,565.06
Total	930,459.68	1,061,565.06

**5.11 Other payables**

Items	As at December 31, 2018	As at December 31, 2017
Interest payable		
Dividends payable		
Other payables	26,583,125.48	39,415,335.55
Total	26,583,125.48	39,415,335.55

**5.11.1 Other payables**

**5.11.1.1 Breakdown of other payables**

Items	As at December 31, 2018	As at December 31, 2017
Due to related parties	25,862,620.32	38,760,937.60
Accrued expenses	720,125.78	654,397.95
Others	379.38	
<b>Total</b>	<b>26,583,125.48</b>	<b>39,415,335.55</b>

**5.12 Paid-in capital**

Items	As at December 31, 2017	Increases	Decreases	As at December 31, 2018
Wipro Limited	1,655,340.00			1,655,340.00
Wipro Cyprus Pte Limited	9,117,745.00			9,117,745.00
<b>Total</b>	<b>10,773,085.00</b>			<b>10,773,085.00</b>

**5.13 Surplus reserves**

Items	As at December 31, 2017	Increases	Decreases	As at December 31, 2018
Statutory surplus reserves	2,150,244.82	60,060.28		2,210,305.10
<b>Total</b>	<b>2,150,244.82</b>	<b>60,060.28</b>		<b>2,210,305.10</b>

**5.14 Retained profit**

Items	As at December 31, 2018	As at December 31, 2017
Opening balances of retained profit	21,154,591.98	17,213,063.35
Plus: Net profit ("-" for loss)	600,602.81	4,171,088.94
Less: Appropriation of statutory surplus reserves	60,060.28	229,560.31
Closing balances of retained profit	21,695,134.51	21,154,591.98

**5.15 Revenue from operations and cost of operations**

Items	2018		2017	
	Revenue	Cost	Revenue	Cost
Major operations	14,907,725.23	14,584,550.00	72,994,144.93	61,193,350.19
Total	14,907,725.23	14,584,550.00	72,994,144.93	61,193,350.19

**5.16 Taxes and surcharges**

Items	2018	2017
Taxes and surcharges	44,149.30	26,040.16
Total	44,149.30	26,040.16

**5.17 Financial expenses**

Items	2018	2017
Interest expense		
Less: Interest income	211,377.74	169,048.16
Exchange loss ("-" for gain)	1,388,516.90	433,773.00
Others	3,479.34	10,642.34
Total	1,180,618.50	275,367.18

**5.18 Impairment of assets**

Items	2018	2017
Bad debts	-27,865.71	1,170,078.70
Total	-27,865.71	1,170,078.70

**5.19 Other income**

Items	2018	2017	Relating to assets/income
Tax refund		82,804.28	Relating to income
Subsidies for the disabled	4,029.30		Relating to income
Maternity allowance refun	28,532.70		Relating to income
Total	32,562.00	82,804.28	

**5.20 Gain on disposal of assets**

Items	2018	2017
Proceeds from asset disposal	3,349,302.96	2,200.00
Total	3,349,302.96	2,200.00

**5.21 Non-operating expenses**

Items	2018	2017
Loss on non-current assets damaged or scrapped	245,885.00	
Total	245,885.00	



**5.22 Income tax expenses**

**5.22.1 Breakdown of income tax expenses**

Items	2018	2017
Current income tax expense	324,170.89	1,061,565.06
Deferred income tax expense		
<b>Total</b>	<b>324,170.89</b>	<b>1,061,565.06</b>

**5.22.2 Reconciliation between income tax expenses and accounting profit**

Items	2018	2017
Profit before tax	924,773.70	5,232,654.00
Tax computed at statutory [15%] tax rate	138,716.06	784,898.10
Effect of adjustment of prior period's income tax		
Effect of adjustment of prior period's profit	281,322.88	
Effect of non-taxable income		
Effect of non-deductible costs, expenses and losses	1,154.60	202,057.30
Effect of the utilization of recoverable losses for which no deferred tax assets have been recognized in prior periods		
Effect of deductible temporary differences or recoverable losses not recognized as deferred tax assets in the current period	-97,022.65	74,609.66
<b>Total income tax expense</b>	<b>324,170.89</b>	<b>1,061,565.06</b>

5.23 Supplementary information of the statement of cash flows

5.23.1 Supplementary information of the statement of cash flows

Items	2018	2017
1. Adjustments to reconcile net profit to net cash flows in operating activities:		
Net profit	600,602.81	4,171,088.94
Plus: Provision for impairment of assets	-27,865.71	1,170,078.70
Depreciation of fixed assets	3,040,547.75	8,493,103.68
Amortization of intangible assets		
Amortization of long-term deferred expenses		
Loss on disposal of fixed assets, intangible assets and other long-term assets ("-" for gain)	-3,349,302.96	-2,200.00
Loss on scrap of fixed assets ("-" for gain)	245,885.00	
Loss on changes in fair value ("-" for gain)		
Financial expense ("-" for gain)	1,388,516.90	433,773.00
Investment loss ("-" for gain)		
Decrease in deferred tax assets ("-" for increase)		
Increase in deferred tax liabilities ("-" for decrease)		
Decrease in inventories ("-" for increase)		
Decrease in operating receivables ("-" for increase)	48,539,656.91	-13,117,485.20
Increase in operating payables ("-" for decrease)	-25,201,875.61	10,052,654.46
Others		
Net cash flows from operating activities	25,236,165.09	11,201,013.58
2. Significant investing and financing activities not involving cash receipts or payments		
Debt transferred into capital		

Items	2018	2017
Convertible corporate bonds maturing within one year		
Fixed assets acquired under finance leases		
3. Net increase in cash and cash equivalents		
Cash at the end of the year	31,668,250.79	7,820,602.60
Less: Cash at the beginning of the year	7,820,602.60	3,173,872.70
Plus: Cash equivalents at the end of the year		
Less: Cash equivalents at the beginning of the year		
Net increase in cash and cash equivalents	23,847,648.19	4,646,729.90

**5.23.2 Breakdown of cash and cash equivalents**

Items	2018	2017
1. Cash	31,668,250.79	7,820,602.60
Including: Cash on hand		
Cash at bank readily available for payments	31,668,250.79	7,820,602.60
Other cash and cash equivalents readily available for payments		
2. Cash equivalents		
Including: Debt investments maturing within three months		
3. Balance of cash and cash equivalents at the end of the year	31,668,250.79	7,820,602.60

**6. Related parties and related party transactions**

**6.1 The parent of the Company**

Parent company	Registered location	Shares held by the parent company (%)	Voting rights held by the parent company (%)
Wipro Limited	India	15.37	15.37
Wipro Cyprus Pte Limited	Cyprus	84.63	84.63

The ultimate controller of the Company is Wipro Limited.

**6.2 Other related parties of the Company**

Other related parties	Relationship with the Company
PT WT Indonesia	Controlled by the same ultimate holding company
Wipro (Chengdu) Limited	Controlled by the same ultimate holding company
Wipro (Dalian) Limited	Controlled by the same ultimate holding company
Wipro LLC	Controlled by the same ultimate holding company
Wipro Technologies GmbH	Controlled by the same ultimate holding company
Wipro Travel Services Limited	Controlled by the same ultimate holding company

**6.3 Related party transactions**

**6.3.1 Sale of goods/provision of services and purchase of goods/receipt of services**

Purchase of goods/receipt of services

Related parties	Description of transactions	2018	2017
Wipro (Chengdu) Limited	Receipt of services		1,326,034.33
Wipro (Dalian) Ltd	Receipt of services		4,996,746.92
Wipro Limited	Receipt of services		409,625.46
Wipro Travel Services Ltd	Receipt of services		52,032.37

Sale of goods/provision of services

Related parties	Description of transactions	2018	2017
Wipro (Chengdu) Limited	Provision of services	3,437,843.70	3,750,575.69
Wipro LLC	Provision of services		266,166.27
Wipro Limited	Provision of services	8,815,883.54	21,057,668.75

6.3.2 Asset transfer and debt restructuring with related parties

Related parties	Description of transactions	2018	2017
Wipro (Chengdu) Limited	Sale of fixed assets	16,056,541.33	

6.4 Receivables and payables with related parties

6.4.1 Receivables

Items	Related parties	As at December 31, 2018		As at December 31, 2017	
		Carrying amounts	Allowance for bad debts	Carrying amounts	Allowance for bad debts
Accounts receivable	Wipro (Chengdu) Limited	939,874.16		13,482,367.56	
Accounts receivable	Wipro Limited	1,377,380.68		8,766,205.00	
Accounts receivable	Wipro LLC			25,850.00	
Other receivables	PT WT Indonesia	6,270.00		6,270.00	
Other receivables	Wipro (Chengdu) Limited	18,625,587.94		8,230,790.56	
Other receivables	Wipro (Dalian) Limited			14,933,914.07	

Items	Related parties	As at December 31, 2018		As at December 31, 2017	
		Carrying amounts	Allowance for bad debts	Carrying amounts	Allowance for bad debts
Other receivables	Wipro Limited	11,279,439.43		10,924,628.00	
Other receivables	Wipro Travel Services Limited			18,402.28	

#### 6.4.2 Payables

Items	Related parties	As at December 31, 2018	As at December 31, 2017
Accounts payable	Wipro Limited		9,151,567.00
Accounts payable	Wipro Wipro Technologies GMBH		161,727.00
Accounts payable	Wipro Travel Services Limited	66,760.84	64,659.00
Other payables	Wipro Limited	25,862,620.32	37,592,202.00
Other payables	Wipro (Chengdu) Limited		728,900.07
Other payables	Wipro (Dalian) Limited		421,433.25
Other payables	Wipro Travel Services Limited		18,402.28

#### 7. Government grants

##### 7.1 Government grants relating to income

Items	Amounts	Amounts charged into profit or loss for the current period or reversing the relevant costs, expenses and losses		Items charged into profit or loss for the current period or reversing the relevant costs, expenses and losses
		2018	2017	
Tax refund			82,804.28	Other income

Items	Amounts	Amounts charged into profit or loss for the current period or reversing the relevant costs, expenses and losses		Items charged into profit or loss for the current period or reversing the relevant costs, expenses and losses
		2018	2017	
Subsidies for the disabled	4,029.30	4,029.30		Other income
Maternity allowance refund	28,532.70	28,532.70		Other income

**8. Commitments and contingencies**

**8.1 Significant commitments**

There is no significant commitments need to be disclosed.

**8.2 Contingencies**

There is no material contingencies need to be disclosed.

**9. Subsequent events**

There is no subsequent events need to be disclosed.

**10. Other significant events**

There is no other significant event needs to be disclosed.