

HCL AXON SOLUTIONS (SHANGHAI) CO., LTD.

ENGLISH TRANSLATION OF FINANCIAL STATEMENTS
FOR THE YEAR FROM 1 JANUARY 2020 TO 31 DECEMBER 2020
IF THERE IS ANY CONFLICT BETWEEN THE CHINESE VERSION
AND ITS ENGLISH TRANSLATION, THE CHINESE VERSION WILL PREVAIL

AUDITORS' REPORT

毕马威华振沪审字第 2102569 号

The Board of Directors of HCL Axon Solutions (Shanghai) Co., Ltd.:

Opinion

We have audited the accompanying financial statements of HCL Axon Solutions (Shanghai) Co., Ltd. ("the Company") set out on pages 1 to 19, which comprise the balance sheet as at 31 December 2020, the income statement, the cash flow statement, 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 31 December 2020, and the financial performance and cash flows of the Company for the year ended in accordance with Accounting Regulations for Business Enterprises issued by the Ministry of Finance of the People's Republic of China.

Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing for Certified Public Accountants ("CSAs"). 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 HCL Axon Solutions (Shanghai) Co., Ltd. in accordance with the China Code of Ethics for Certified Public Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

AUDITORS' REPORT (continued)

毕马威华振沪审字第 2102569 号

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 the Accounting Regulations for Business Enterprises, and for the design, implementation and maintenance of such internal control necessary to enable that the financial statements 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 CSAs 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 CSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 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.
- 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

AUDITORS' REPORT (continued)

毕马威华振沪审字第 2102569 号

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- 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.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with 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.

KPMG Huazhen LLP
Shanghai Branch

Certified Public Accountants
Registered in the People's Republic of China

Zhao Lin

Shanghai, China

Zhao Xing

14 MAY 2021

HCL Axon Solutions (Shanghai) Co., Ltd.
Balance sheet as at 31 December 2020
(Expressed in Renminbi Yuan)

	Note	2020	2019
Assets			
Current assets			
Cash at bank and on hand	5	55,677,423.05	41,734,026.28
Interest receivable		-	193.14
Accounts receivable	6	210,565,123.68	152,283,530.06
Other receivables	7	1,865,414.10	1,462,769.65
Payments in advance		13,930,878.02	4,971,076.76
Inventories	8	6,388,773.71	483,441.99
Deferred expenses		1,399,709.82	1,674,833.57
Other current assets	4(c)	9,227,835.38	8,861,430.95
Total current assets		<u>299,055,157.76</u>	<u>211,471,302.40</u>
Fixed assets			
Original carrying amount		96,747,953.26	62,233,420.78
Less: Accumulated depreciation		<u>(39,436,803.16)</u>	<u>(21,901,782.27)</u>
Net carrying amount of fixed assets	9	<u>57,311,150.10</u>	<u>40,331,638.51</u>
Intangible assets and other assets			
Intangible assets	10	2,326,046.71	2,812,994.07
Goodwill	11	15,060,722.05	15,060,722.05
Long-term deferred expenses	12	2,522.56	7,881.00
Other long-term assets	13	<u>64,001,955.54</u>	<u>13,671,460.00</u>
Total intangible assets and other assets		<u>81,391,246.86</u>	<u>31,553,057.12</u>
Total assets		<u><u>437,757,554.72</u></u>	<u><u>283,355,998.03</u></u>

The notes on pages 8 to 19 form part of these financial statements.

HCL Axon Solutions (Shanghai) Co., Ltd.
Balance sheet as at 31 December 2020 (continued)
(Expressed in Renminbi Yuan)

	Note	2020	2019
Liabilities and owner's equity			
Current liabilities			
Accounts payable		212,131,436.18	120,737,901.49
Receipt in advance		21,725,821.29	1,669,740.73
Accrued payroll		6,438,149.56	7,847,185.68
Taxes payable	4(d)	7,523,689.88	4,091,380.73
Other payables		43,628,193.26	30,872,166.29
Accrued expenses		16,139,384.27	11,950,268.27
Total current liabilities		307,586,674.44	177,168,643.19
Total liabilities		307,586,674.44	177,168,643.19
Owner's equity			
Paid-in capital	14	2,069,250.00	2,069,250.00
Surplus reserve	15	1,034,625.00	1,034,625.00
Retained earnings		127,067,005.28	103,083,479.84
Total owner's equity		130,170,880.28	106,187,354.84
Total liabilities and owner's equity		437,757,554.72	283,355,998.03

These financial statements were approved by the Board of Directors of the Company.



Walia Raj Kumar
Legal Representative

(Signature and stamp)

Date: 14 MAY 2021

Mao Lili
The person in charge of
the accounting affairs
(Signature and stamp)



The notes on pages 8 to 19 form part of these financial statements.

HCL Axon Solutions (Shanghai) Co., Ltd.
Income statement
for the year ended 31 December 2020
(Expressed in Renminbi Yuan)

	Note	2020	2019
Sales from principal activities	16	334,726,123.37	259,101,156.80
Less: Cost of sales from principal activities		(268,958,519.03)	(213,798,533.28)
Business taxes and surcharges from principal activities	4(a)	<u>(4,784,193.71)</u>	<u>(127,815.54)</u>
Profit from principal activities		60,983,410.63	45,174,807.98
Less: Operating expenses		(13,183,388.89)	(3,249,487.46)
General and administrative expenses		(15,594,018.22)	(16,193,550.01)
Financial income/(expenses)	17	<u>3,142,141.75</u>	<u>(1,922,907.37)</u>
Operating profit		35,348,145.27	23,808,863.14
Add: Non-operating income		667,319.66	-
Less: Non-operating expenses		<u>(22,034.28)</u>	<u>-</u>
Profit before income tax		35,993,430.65	23,808,863.14
Less: Income tax	4(b)	<u>(12,009,905.21)</u>	<u>(8,857,997.68)</u>
Net profit for the year		23,983,525.44	14,950,865.46
Add: Retained earnings at the beginning of the year		<u>103,083,479.84</u>	<u>88,132,614.38</u>
Retained earnings carried forward		<u><u>127,067,005.28</u></u>	<u><u>103,083,479.84</u></u>

The notes on pages 8 to 19 form part of these financial statements.

HCL Axon Solutions (Shanghai) Co., Ltd.
Cash flow statement
for the year ended 31 December 2020
(Expressed in Renminbi Yuan)

	<i>Note to the cash flow statement</i>	2020	2019
Cash flows from operating activities:			
Cash received from rendering of services		308,302,384.56	242,300,111.93
Refund of taxes		175,308.00	261,646.37
Cash received relating to other operating activities		<u>418,729.39</u>	<u>116,469.84</u>
Sub-total of cash inflows		<u>308,896,421.95</u>	<u>242,678,228.14</u>
Cash paid for goods and services		(140,639,088.59)	(48,100,663.42)
Cash paid to and for employees		(86,305,945.61)	(95,973,380.90)
Cash paid for all types of taxes		(17,801,089.18)	(13,726,612.93)
Cash paid relating to other operating activities		<u>(9,633,026.81)</u>	<u>(30,664,646.56)</u>
Sub-total of cash outflows		<u>(254,379,150.19)</u>	<u>(188,465,303.81)</u>
Net cash inflow from operating activities	i	<u>54,517,271.76</u>	<u>54,212,924.33</u>

The notes on pages 8 to 19 form part of these financial statements.

HCL Axon Solutions (Shanghai) Co., Ltd.
Cash flow statement
for the year ended 31 December 2020 (continued)
(Expressed in Renminbi Yuan)

	<i>Note to the cash flow statement</i>	2020	2019
Cash flows from investing activities:			
Net cash received from disposal of fixed assets		2,590,412.38	2,713.70
Cash received relating to other investing activities		<u>594,388.97</u>	<u>-</u>
Sub-total of cash inflows		<u>3,184,801.35</u>	<u>2,713.70</u>
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		<u>(43,758,676.34)</u>	<u>(39,912,770.16)</u>
Sub-total of cash outflows		<u>(43,758,676.34)</u>	<u>(39,912,770.16)</u>
Net cash outflow from investing activities		<u>(40,573,874.99)</u>	<u>(39,910,056.46)</u>
Effect of foreign exchange rate changes on cash and cash equivalents		<u>-</u>	<u>8,358.43</u>
Net increase in cash and cash equivalents	ii	<u>13,943,396.77</u>	<u>14,311,226.30</u>

The notes on pages 8 to 19 form part of these financial statements.

HCL Axon Solutions (Shanghai) Co., Ltd.
Cash flow statement
for the year ended 31 December 2020 (continued)
(Expressed in Renminbi Yuan)

Notes to the cash flow statement

	2020	2019
<i>i Reconciliation of net profit to cash flows from operating activities</i>		
Net profit	23,983,525.44	14,950,865.46
Add: Provision for impairment of accounts receivable	3,848,993.12	134,822.89
Provision for [impairment of specify the name of assets]	1,018,314.33	68,917.02
Depreciation of fixed assets	17,830,654.10	10,866,803.25
Amortisation of intangible assets	486,947.36	114,122.19
Amortisation of long-term deferred expenses	5,358.44	155,983.06
Decrease in deferred expenses	275,123.75	1,009,332.54
Increase in accrued expenses	4,189,116.00	6,612,154.96
Net financial income	(594,195.83)	(8,358.43)
(Increase)/decrease in gross inventories	(6,923,646.05)	4,684,092.52
Increase in gross operating receivables	(128,010,973.00)	(12,911,422.16)
Increase in operating payables	138,408,054.11	28,535,611.03
Net cash inflow from operating activities	<u>54,517,271.77</u>	<u>54,212,924.33</u>

The notes on pages 8 to 19 form part of these financial statements.

HCL Axon Solutions (Shanghai) Co., Ltd.
Cash flow statement
for the year ended 31 December 2020 (continued)
(Expressed in Renminbi Yuan)

Notes to the cash flow statement (continued)

	2020	2019
<i>ii Net increase in cash and cash equivalents</i>		
Cash and cash equivalents at the end of the year	55,677,423.05	41,734,026.28
Less: Cash and cash equivalents at the beginning of the year	<u>(41,734,026.28)</u>	<u>(27,422,799.98)</u>
Net increase in cash and cash equivalents	<u>13,943,396.77</u>	<u>14,311,226.30</u>

The notes on pages 8 to 19 form part of these financial statements.

HCL Axon Solutions (Shanghai) Co., Ltd.
Notes to the financial statements
(Expressed in Renminbi Yuan)

1 Company status

HCL Axon Solutions (Shanghai) Co., Ltd. (the "Company") is a limited company solely established by Malaysia JSPCI SOLUTIONS BERHAD on 2 June 2004 upon approval by People's Government of Shanghai Pudong New District with document Pufuxiang Zi No. (2004) 256. The registered capital of the Company is USD250,000. The aforesaid registered capital has been verified by Shanghai Yuxin Accountants Limited with capital verification report Xinzi Yan No. (2004) 115 on 2 September 2004. In 2007, all the shares in the Company held by Malaysia JSPCI SOLUTIONS BERHAD were sold to HCL TECHNOLOGIES MALAYSIA SDN.BHD.

On 5 January 2013, the name of the Company was changed to HCL Axon Solutions (Shanghai) Co., Ltd. and the Company obtained its updated business license on 19 October 2016.

The Company obtained business license numbered 913101157626032543. Its legal representative is Walia Raj Kumar and the operation period is 20 years. Its legal registration address is 401, 4 Floor, 2 Building, 399 Shengxia Road, Shanghai Pilot Free Trade Zone, China.

The Company is primarily engaged in the following businesses: Computer software development; design, production, sale of products, to provide after sales services and related technical consulting; computer hardware and software wholesale, commission agency (excluding auction), import and export (not involving state trading involving quota and license management goods, in accordance with relevant state regulations apply), providing related services (Business which is involving administrative licensing will operate with operating permits).

2 Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are in conformity with the Accounting Regulations for Business Enterprises issued by the Ministry of Finance of the PRC (MOF). Accordingly, the basis of measurement and presentation in these financial statements may not be in compliance with the accounting principles and practices generally accepted in countries and jurisdictions other than the PRC and may not be suitable for any purpose other than for statutory reporting.

3 Significant accounting policies

(a) Accounting year

The accounting year of the Company is from 1 January to 31 December.

(b) Basis of preparation and measurement basis

The financial statements of the Company have been prepared on an accrual basis. Unless otherwise stated, the measurement basis used is historical cost.

(c) Functional currency

The Company's functional currency is the Renminbi.

(d) Translation of foreign currencies

Foreign currency transactions during the year are translated into Renminbi at the exchange rates quoted by the People's Bank of China ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Renminbi at the exchange rates quoted by the People's Bank of China ruling at the balance sheet date. Exchange gains and losses on foreign currency translation are dealt with in the income statement.

(e) Business combinations involving entities not under common control

A business combination involving entities not under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties both before and after the business combination. Where (1) the aggregate of the acquisition-date fair value of assets transferred (including the acquirer's previously held equity interest in the acquiree), liabilities incurred or assumed, and equity securities issued by the acquirer, in exchange for control of the acquiree, exceeds (2) the acquirer's interest in the acquisition-date fair value of the acquiree's identifiable net assets, the difference is recognised as goodwill (see Note 3(I)). If (1) is less than (2), the difference is recognised in profit or loss for the current period. Other acquisition-related costs are expensed when incurred. The acquiree's identifiable asset, liabilities and contingent liabilities, if the recognition criteria are met, are recognised by the Group at their acquisition-date fair value. The acquisition date is the date on which the acquirer obtains control of the acquiree.

(f) Cash equivalents

Cash equivalents represent short-term, highly liquid investments, which are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value.

(g) Provision for bad and doubtful debts

The provision for bad and doubtful debts is estimated by management based on individual accounts receivable which show signs of uncollectibility. Provision for other receivables is determined based on their specific nature and management's estimate of their collectibility.

(h) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost comprises all costs of purchase and other costs. Inventories are measured at their actual cost upon acquisition. The cost of inventories is calculated using the weighted average method.

Any excess of the cost over the net realisable value of each class of inventories is recognised as a provision for diminution in the value of inventories. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale and relevant taxes.

(i) Fixed assets

Fixed assets are stated in the balance sheet at cost less accumulated depreciation and impairment losses (see Note 3(n)).

Fixed assets are depreciated using the straight-line method over their estimated useful lives. The estimated useful lives and the estimated rate of residual values on cost for the Company's fixed assets are as follows:

	<i>Estimated useful life</i>	<i>Estimated rate of residual value</i>	<i>Rate of depreciation</i>
Office equipment	3 - 5 years	5%	19% - 32%

(j) Lease

(i) Assets leased out under finance leases

At the inception of a finance lease, the aggregate of the minimum lease receipts for the leased assets is recorded under finance lease receivables. The difference between the minimum lease receipts and the present value of the minimum lease receipts is recognised as unrealised finance income under finance leases. Finance lease receivables that will fall due after one year are included in other long-term assets in the balance sheet at the end of the year. Finance lease receivables that will fall due within one year are included in accounts receivable in the balance sheet.

Finance income under finance leases is recognised in each accounting period over the lease term using the effective interest rate method.

(ii) Operating lease charges

Lease payments under operating leases are charged as expenses on a straight-line basis over the lease term. Contingent rental payments are charged as expenses in the accounting period in which they are incurred.

(k) Intangible assets

Intangible assets are stated in the balance sheet at cost less accumulated amortisation and impairment losses (see note 3(n)). The cost of the intangible assets is amortised on a straight-line basis over their estimated useful lives. The amortisation period for the intangible assets is as follows:

Customer Relationship	10 years
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(l) Goodwill

The initial cost of goodwill represents the excess of cost of acquisition over the acquirer's interest in the fair value of the identifiable net assets of the acquiree under a business combination not involving entities under common control.

Goodwill is not amortised and is stated in the balance sheet at cost less accumulated impairment losses (see Note 3(n)). On disposal of an asset group or a set of asset groups, any attributable goodwill is written off and included in the calculation of the profit or loss on disposal.

(m) Long-term deferred expenses

Long-term deferred expenses are amortised on a straight-line basis over their beneficial periods. The amortisation period for the long-term deferred expenses is as follows:

Decorating expense	3 years
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(n) Provision for impairment

The carrying amounts of assets (including fixed assets, intangible assets, goodwill and other assets) are assessed regularly to determine whether their recoverable amounts have declined below their carrying amounts. Assets are tested for impairment whenever events or changes in conditions indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to the recoverable amount. The amount by which the carrying amount is reduced is the impairment loss. The recoverable amount is the greater of the net selling price and the present value of the estimated future cash flows arising from the continuous use of the asset and from the disposal of the asset at the end of its useful life.

Provision for impairment is calculated on an item-by-item basis and recognised as an expense in the income statement.

If there is an indication that there has been a change in the factors used to determine the provision for impairment and as a result the estimated recoverable amount is greater than the carrying amount of the asset, the impairment loss recognised in prior years is reversed. Reversals of impairment losses are recognised in the income statement. An impairment loss is reversed only to the extent of the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years.

(o) Income tax

Income tax is recognised using the tax payable method. Income tax for the year is provided at the applicable tax rate on taxable income.

(p) Revenue recognition

When it is probable that the economic benefits will flow to the Company and the revenue and costs can be measured reliably, revenue is recognised in the income statement according to the following methods:

(i) Sale of goods

Revenue is recognised when the significant risks and rewards of the ownership of goods have been transferred to the buyers and the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

(ii) Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue from the rendering of services is recognised in the income statement by reference to the stage of completion of the transaction based on the services performed to date as a percentage of the total services to be performed. When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the costs incurred that are expected to be recoverable.

(q) Related parties

If the Company has the power, directly or indirectly, to control, jointly control or exercise significant influence over another party, or vice versa, or where the Company and one or more parties are subject to common control from another party, they are considered to be related parties. Related parties may be individuals or enterprises.

4 Taxation and surcharges

- (a) The types of tax and surcharges applicable to the Company's sale of goods and rendering of services include value added tax (VAT), urban maintenance and construction tax, education fee etc.

<i>Tax name</i>	<i>Tax basis and applicable rate</i>
VAT	Output VAT is 6% of taxable services revenue, according to tax laws. The remaining balance of output VAT, after subtracting the deductible input VAT of the period, is VAT payable
Urban maintenance and construction tax	7% of paid VAT
Education fee surcharge	3% of paid VAT
Local education fee surcharge	2% of paid VAT

Business taxes and surcharges from principal activities include stamp tax, urban maintenance, construction tax and education fee surcharge etc.

(b) Income tax

Income tax in the income statement represents:

	2020	2019
Provision for income tax for the year	11,947,513.11	8,269,391.02
Income tax adjusted for the prior year	62,392.10	588,606.66
Total	12,009,905.21	8,857,997.68

The statutory income tax rate of the Company is 25%. For the current year, the Company is liable to income tax at the statutory rate (2019: 25%).

(c) Other current assets

	2020	2019
VAT deductible	<u>9,227,835.38</u>	<u>8,861,430.95</u>

(d) Taxes payable

	2020	2019
Income tax	<u>7,523,689.88</u>	<u>4,091,380.73</u>

5 Cash at bank and on hand

	2020	2019
Cash at bank	<u>55,677,423.05</u>	<u>41,734,026.28</u>

6 Accounts receivable

The ageing analysis of the Company's accounts receivable is as follows:

	2020			2019		
	RMB	Percentage of total accounts receivable	Provision for bad and doubtful debts	RMB	Percentage of total accounts receivable	Provision for bad and doubtful debts
Within 1 year	150,245,088.10	67.98%	-	139,373,059.30	91.22%	-
After 1 year but within 2 years	62,925,510.94	28.46%	(3,971,294.96)	5,267,793.70	3.45%	-
After 2 years	1,741,217.07	2.99%	(375,397.47)	8,140,376.37	5.33%	(497,699.31)
Total	<u>214,911,816.11</u>	<u>100.00%</u>	<u>(4,346,692.43)</u>	<u>152,781,229.37</u>	<u>100.00%</u>	<u>(497,699.31)</u>

The ageing is counted starting from the date when accounts receivable are recognised.

Provision for bad and doubtful debts

	2020	2019
Opening balance as at 1 January	497,699.31	362,876.42
Add: Charge for the year	<u>3,848,993.12</u>	<u>134,822.89</u>
Closing balance as at 31 December	<u>4,346,692.43</u>	<u>497,699.31</u>

7 Other receivables

The ageing analysis of the Company's other receivables is as follows:

	2020			2019		
	RMB	Percentage of total other receivables	Bad debt provision	RMB	Percentage of total other receivables	Bad debt provision
Within 1 year	402,644.45	21.58%	-	302,519.91	20.68%	-
After 1 year but within 2 years	302,519.91	16.22%	-	1,160,249.74	79.32%	-
After 2 years but within 3 years	1,160,249.74	62.20%	-	-	-	-
Total	1,865,414.10	100.00%	-	1,462,769.65	100.00%	-

The ageing is counted starting from the date when other receivables are recognised.

8 Inventories

	2020	2019
Finished goods	7,807,089.07	883,443.02
Less: Provision for diminution in value of inventories	(1,418,315.36)	(400,001.03)
Total	6,388,773.71	483,441.99

Provision for diminution in value of inventories

	2020	2019
Opening balance as at 1 January	400,001.03	331,084.01
Add: Provision made during the year	1,018,314.33	68,917.02
Closing balance as at 31 December	1,418,315.36	400,001.03

9 Fixed assets

Office equipment

Cost

As at 1 January 2020	62,233,420.78
Additions	37,400,578.07
Disposals	<u>(2,886,045.59)</u>

As at 31 December 2020	<u>96,747,953.26</u>
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Accumulated depreciation

As at 1 January 2020	21,901,782.27
Charge for the year	17,830,654.10
Written back on disposal	<u>(295,633.21)</u>

As at 31 December 2020	<u>39,436,803.16</u>
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Carrying amount

As at 31 December 2020	<u>57,311,150.10</u>
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As at 31 December 2019	<u>40,331,638.51</u>
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10 Intangible assets

*Customer
Relationship*

Cost

As at 1 January and 31 December 2020	<u>2,927,116.26</u>
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Accumulated amortisation

As at 1 January 2020	(114,122.19)
Charge for the year	<u>(486,947.36)</u>

As at 31 December 2020	<u>(601,069.55)</u>
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Carrying amount

As at 31 December 2020	<u>2,326,046.71</u>
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As at 31 December 2019	<u>2,812,994.07</u>
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11 Goodwill

Goodwill

As at 1 January 2019	-
Additions during the year	<u>15,060,722.05</u>

As at 31 December 2019	<u>15,060,722.05</u>
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The Company paid RMB17,987,838.31 as acquisition cost for the purchase of business relating to selected IBM software products in IBM (China) Company Limited in 2019. The acquired identified assets is customer relationship with fair value of RMB2,927,116.26. The excess of the acquisition cost over the Company's interest in the fair value of acquired identifiable assets and liabilities, amounting to RMB15,060,722.05, was recognised as goodwill.

12 Long-term deferred expenses

	<i>Decorating expense</i>
As at 1 January 2020	7,881.00
Decrease during the year - Amortisation	<u>(5,358.44)</u>
As at 31 December 2020	<u><u>2,522.56</u></u>

13 Other long-term assets

	2020	2019
Finance lease receivables	<u>64,001,955.54</u>	<u>13,671,460.00</u>
Total	<u><u>64,001,955.54</u></u>	<u><u>13,671,460.00</u></u>

14 Paid-in capital

Registered capital and paid-in capital

	<u>2020 and 2019</u>		
	<i>Amount in original currency RMB</i>	<i>Amount in RMB equivalent</i>	%
HCL TECHNOLOGIES MALAYSIA SDN.BHD	<u>2,069,250.00</u>	<u>2,069,250.00</u>	<u>100%</u>

15 Surplus reserve

	<i>Statutory surplus reserve</i>
As at 1 January and 31 December 2020	<u><u>1,034,625.00</u></u>

16 Sales from principal activities

	2020	2019
Sale of goods	13,796,274.28	22,046,727.26
Rendering of services	320,929,849.09	237,054,429.54
Total	334,726,123.37	259,101,156.80

17 Financial income/(expenses)

	2020	2019
Net exchange (gains)/(losses)	(2,493,707.49)	1,750,818.17
Others	(648,434.26)	172,089.20
Total	(3,142,141.75)	1,922,907.37

18 Related party relationships and transactions

(a) Related party with controlling relationship

	Registered address	Relationship with the Company
HCL TECHNOLOGIES MALAYSIA SDN.BHD	Malaysia	Parent company

Equity interests held by related party with controlling relationship and their changes

	At the beginning of the year		Increase		At the end of the year	
	Amount	%	Amount	%	Amount	%
HCL TECHNOLOGIES MALAYSIA SDN.BHD	106,187,354.84	100%	23,983,525.44	100%	130,170,880.28	100%

(b) Relationship between the Company and related parties without controlling relationships

Name of the enterprise	Relationship with the Company
Axon Solutions Limited	A fellow subsidiary
C3i Services & Technologies (Dalian) Co. Ltd	A fellow subsidiary
Filial Espanola De HCL Technoloiges S.L.	A fellow subsidiary
Geometric Americas Inc.	A fellow subsidiary
Geometric China Inc.	A fellow subsidiary
HCL (Brazil) Tecnologia da informacao EIRELI	A fellow subsidiary
HCL (Ireland) Information Systems Limited	A fellow subsidiary
HCL (Netherlands) BV	A fellow subsidiary
HCL (New Zealand) Limited	A fellow subsidiary
HCL America Inc.	A fellow subsidiary
HCL America Solutions Inc.	A fellow subsidiary
HCL Arabia LLC	A fellow subsidiary
HCL Argentina s.a.	A fellow subsidiary
HCL Asia Pacific Pte. Limited	A fellow subsidiary

<i>Name of the enterprise</i>	<i>Relationship with the Company</i>
HCL Australia Services Pty. Limited	A fellow subsidiary
HCL Belgium NV	A fellow subsidiary
HCL Canada Inc.	A fellow subsidiary
HCL GmbH	A fellow subsidiary
HCL Great Britain Limited	A fellow subsidiary
HCL Hong Kong SAR Limited	A fellow subsidiary
HCL Hungary Kft	A fellow subsidiary
HCL Istanbul Bilisim Teknolojileri Limited Sirketi	A fellow subsidiary
HCL Japan Limited	A fellow subsidiary
HCL Mexico S. de R.L.	A fellow subsidiary
HCL Poland sp. z o.o	A fellow subsidiary
HCL Singapore Pte. Limited	A fellow subsidiary
HCL Technologies Limited - Ireland Branch	A fellow subsidiary
HCL Technologies Limited - Czech Republic Branch	A fellow subsidiary
HCL Technologies (PTY) Limited	A fellow subsidiary
HCL Technologies (Shanghai) Limited	A fellow subsidiary
HCL Technologies (Taiwan) Ltd.	A fellow subsidiary
HCL Technologies (Thailand) Limited	A fellow subsidiary
HCL Technologies Austria GmbH	A fellow subsidiary
HCL Technologies B.V.	A fellow subsidiary
HCL Technologies Beijing Co. Ltd.	A fellow subsidiary
HCL Technologies Belgium BVBA	A fellow subsidiary
HCL Technologies Chile Spa	A fellow subsidiary
HCL Technologies Columbia S.A.S.	A fellow subsidiary
HCL Technologies Corporate Services Limited	A fellow subsidiary
HCL Technologies Czeck Republic s.r.o.	A fellow subsidiary
HCL Technologies Denmark Aps	A fellow subsidiary
HCL Technologies Egypt Limited	A fellow subsidiary
HCL Technologies Estonia OU	A fellow subsidiary
HCL Technologies Finland Oy	A fellow subsidiary
HCL Technologies France SAS	A fellow subsidiary
HCL Technologies Germany GmbH	A fellow subsidiary
HCL Technologies Greece Single Member P.C.	A fellow subsidiary
HCL Technologies Italy S.P.A.	A fellow subsidiary
HCL Technologies Lanka Private Limited	A fellow subsidiary
HCL Technologies Limited - Finland Branch	A fellow subsidiary
HCL Technologies Limited - Israel Branch	A fellow subsidiary
HCL Technologies Limited - Portugal Branch	A fellow subsidiary
HCL Technologies Lithuania UAB	A fellow subsidiary
HCL Technologies Limited - UAE Branch	A fellow subsidiary
HCL Technologies Malaysia Sdn. Bhd.	A fellow subsidiary
HCL Technologies Middle East FZ-LLC	A fellow subsidiary
HCL Technologies Norway AS	A fellow subsidiary

<i>Name of the enterprise</i>	<i>Relationship with the Company</i>
HCL Technologies Philippines, Inc	A fellow subsidiary
HCL Technologies Romania s.r.l.	A fellow subsidiary
HCL Technologies Limited - Russia Branch	A fellow subsidiary
HCL Technologies Solutions GmbH	A fellow subsidiary
HCL Technologies South Africa (Proprietary) Limited	A fellow subsidiary
HCL Technologies Sweden AB	A fellow subsidiary
HCL Technologies UK Limited	A fellow subsidiary
HCL Technologies Vietnam Company Limited	A fellow subsidiary
Point to Point Products Limited	A fellow subsidiary
PT HCL Technologies Indonesia Limited	A fellow subsidiary
Urban Fulfillment Services LLC	A fellow subsidiary

(c) The amounts of the Company's related party transactions during the year and its balances with related parties at the year end are summarised as follows:

(i) The material related-party transactions of the Company are summarised as follows:

	2020	2019
Sale of goods and services	87,758,208.62	113,750,608.79
Purchase of goods and services	96,488,559.58	50,596,753.75

(ii) The balances of related party receivables, payables and borrowings are summarised as follows:

	2020	2019
Accounts receivable	123,764,499.00	76,795,202.69
Other receivables	144,958.45	384,922.02
Accounts payable	175,202,982.67	109,259,395.34
Other payables	36,955,945.15	15,979,188.00
Receipt in advance	21,044,470.40	445,442.81
Payments in advance	2,300,986.00	-

19 Operating lease commitments

As at 31 December, the future minimum lease payments under non-cancellable operating leases in respect of the leasing of Properties were payable as follows:

	2020	2019
Within 1 year	5,579,741.13	4,714,163.63
After 1 year but within 2 years	4,294,352.93	3,903,973.80
After 2 years but within 3 years	-	2,927,980.35
Total	<u>9,874,094.06</u>	<u>11,546,117.78</u>