

HCL Axon Solutions (Shanghai) Co., Ltd.

Audited Financial Statements

31 December 2017

Important Notice

The attached financial statements have been translated from the statutory financial statements prepared in accordance with the *the Accounting System for Business Enterprises*. In the event of any differences in interpreting the financial statements, the Chinese version shall prevail.

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Auditor's report

Ernst & Young Hua Ming (2018) Shen Zi No. 61112070_B01
HCL Axon Solutions (Shanghai) Co., Ltd.

To the board of directors of HCL Axon Solutions (Shanghai) Co., Ltd.

(I) Opinion

We have audited the financial statements of HCL Axon Solutions (Shanghai) Co., Ltd. ("the Company"), which comprise the balance sheet as at 31 December 2017, and the income statement, the statement of cash flows and the statement of changes in equity for the 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 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with Accounting System for Business Enterprises.

(II) Basis for opinion

We conducted our audit in accordance with China Standards on Auditing ("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 the Company in accordance with *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.

(III) Responsibilities of the management and those charged with governance for the financial statements

The management of the Company is responsible for the preparation and fair presentation of the financial statements in accordance with Accounting System for Business Enterprises, and for designing, implementing and maintaining such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the 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 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.

Auditor's report (continued)

Ernst & Young Hua Ming (2018) Shen Zi No. 61112070_B01
HCL Axon Solutions (Shanghai) Co., Ltd.

(IV) 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 generally 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:

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 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.
- (5) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Auditor's report (continued)

Ernst & Young Hua Ming (2018) Shen Zi No. 61112070_B01
HCL Axon Solutions (Shanghai) Co., Ltd.

(IV) Auditor's responsibilities for the audit of the financial statements (continued)

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.

Zhang Fei

Ernst & Young Hua Ming LLP, Shanghai Branch

Chinese Certified Public Accountant

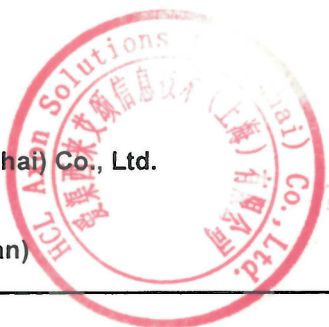
Yuan Xiaohui

Shanghai, the People's Republic of China

Chinese Certified Public Accountant

29 May 2018

HCL Axon Solutions (Shanghai) Co., Ltd.
BALANCE SHEET
31 December 2017
(Expressed in Renminbi Yuan)



	<u>Notes</u>	<u>2017-12-31</u>	<u>2016-12-31</u>
ASSETS			
Current assets:			
Cash	3	74,378,582.08	68,517,888.15
Accounts receivable	4, 5	96,922,260.25	146,457,692.79
Other receivables	6	9,917,397.43	3,376,597.07
Advances to suppliers		-	10,945.00
Interest receivables		-	116,107.83
Inventories	7	3,269,707.49	4,000,990.00
Prepaid expenses		<u>1,924,191.30</u>	<u>974,435.68</u>
Total current assets		<u>186,412,138.55</u>	<u>223,454,656.52</u>
Non-current assets:			
Fixed assets cost	8	31,714,553.48	7,219,395.55
Less: Accumulated depreciation	8	<u>4,793,870.51</u>	<u>2,314,365.24</u>
Fixed assets, net	8	26,920,682.97	4,905,030.31
Long-term accounts receivable		1,967,669.77	2,888,140.19
Long-term prepayments	9	<u>456,878.20</u>	<u>24,182.80</u>
Total non-current assets		<u>29,345,230.94</u>	<u>7,817,353.30</u>
TOTAL ASSETS		<u>215,757,369.49</u>	<u>231,272,009.82</u>

The notes on pages 10 to 29 form an integral part of these financial statements.

HCL Axon Solutions (Shanghai) Co., Ltd.
BALANCE SHEET (Continued)
31 December 2017
(Expressed in Renminbi Yuan)

	<u>Notes</u>	<u>2017-12-31</u>	<u>2016-12-31</u>
LIABILITIES AND OWNERS' EQUITY			
Current liabilities:			
Accounts payable		67,304,641.66	136,334,593.75
Advances from customers		7,537,531.12	14,741,823.47
Accrued payroll		4,828,586.45	3,680,697.91
Taxes payable	10	4,849,317.68	10,787,204.22
Other payables		52,085,279.72	437,486.02
Accrued expenses		<u>3,645,728.05</u>	<u>3,763,004.34</u>
Total liabilities		<u>140,251,084.68</u>	<u>169,744,809.70</u>
Owners' equity:			
Paid-in capital	11	2,069,250.00	2,069,250.00
Surplus reserves		1,034,625.00	1,034,625.00
Retained earnings		<u>72,402,409.81</u>	<u>58,423,325.12</u>
Total owners' equity		<u>75,506,284.81</u>	<u>61,527,200.12</u>
TOTAL LIABILITIES AND OWNERS' EQUITY		<u>215,757,369.49</u>	<u>231,272,009.82</u>

The notes on pages 10 to 29 form an integral part of these financial statements.

The financial statements on pages 4 to 29 have been signed by:

Legal representative:

Financial manager:

HCL Axon Solutions (Shanghai) Co., Ltd.
INCOME STATEMENT
For the Year Ended 31 December 2017
(Expressed in Renminbi Yuan)

	<u>Notes</u>	<u>2017</u>	<u>2016</u>
Revenue from principal operations	12	173,110,418.76	173,298,430.18
Less: Cost of sales		138,657,242.86	123,076,460.62
Taxes and surcharges		791,963.51	364,372.64
General and administrative expenses		12,974,241.95	8,979,326.00
Financial expenses	13	<u>149,620.80</u>	<u>(4,802,386.25)</u>
Operating profit		20,537,349.64	45,680,657.17
Add: Non-operating income		-	16,048.16
Less: Non-operating expenses		<u>-</u>	<u>344,248.94</u>
Total profit		20,537,349.64	45,352,456.39
Less: Income tax	14	<u>6,558,264.95</u>	<u>9,602,998.59</u>
Net profit		<u>13,979,084.69</u>	<u>35,749,457.80</u>

The notes on pages 10 to 29 form an integral part of these financial statements.

HCL Axon Solutions (Shanghai) Co., Ltd.
STATEMENT OF CASH FLOWS
For the Year Ended 31 December 2017
(Expressed in Renminbi Yuan)

	<u>Supplementary Notes</u>	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from sale of goods or rendering of services		226,268,666.83	150,296,487.26
Cash received from tax return		-	14,545.16
Cash received relating to other operating activities		<u>53,977,102.90</u>	<u>4,164,443.60</u>
Sub-total of cash inflows		<u>280,245,769.73</u>	<u>154,475,476.02</u>
Cash paid for goods and services		130,347,794.32	37,997,304.10
Cash paid to and on behalf of employees		77,231,294.02	69,713,147.30
Cash paid for all types of taxes		20,276,560.97	15,976,745.14
Cash paid relating to other operating activities		<u>17,797,936.60</u>	<u>15,697,514.03</u>
Sub-total of cash outflows		<u>245,653,585.91</u>	<u>139,384,710.57</u>
Net cash flows from operating activities	(1)	<u>34,592,183.82</u>	<u>15,090,765.45</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		-	-
Sub-total of cash inflows		-	-
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		<u>26,411,868.34</u>	<u>7,293,500.55</u>
Sub-total of cash outflows		<u>26,411,868.34</u>	<u>7,293,500.55</u>
Net cash flows (used in) investing activities		<u>(26,411,868.34)</u>	<u>(7,293,500.55)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Cash received from loans		-	-
Sub-total of cash inflows		-	-

The notes on pages 10 to 29 form an integral part of these financial statements.

HCL Axon Solutions (Shanghai) Co., Ltd.
STATEMENT OF CASH FLOWS (Continued)
For the Year Ended 31 December 2017
(Expressed in Renminbi Yuan)

	<u>Supplementary Notes</u>	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM FINANCING ACTIVITIES (CONTINUED):			
Cash paid for debt	-	27,000,000.00	
Cash paid for dividends, profits or interests	-	277,071.93	
Sub-total of cash outflows	-	<u>27,277,071.93</u>	
Net cash flows (used in) financing activities	-	<u>(27,277,071.93)</u>	
EFFECT OF CHANGES IN EXCHANGE RATE ON CASH	(2,319,621.55)	828,827.96	
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(2) <u>5,860,693.93</u>	<u>(18,650,979.07)</u>	
(1) Reconciliation of net profit to cash flows from operating activities			
Net profit	13,979,084.69	35,749,457.80	
Add: Provision for impairment of assets	(1,344,600.00)	1,411,458.55	
Depreciation of fixed assets	3,097,733.27	1,289,865.03	
Amortisation of long-term prepayments	865,787.01	106,757.65	
(Increase) in prepaid expenses	(949,755.62)	(861,759.29)	
(Decrease) in accrued expenses	(117,276.29)	(6,323,801.21)	
Financial expenses	2,319,621.55	(551,756.03)	
Decrease / (Increase) in inventories	731,282.51	(3,665,221.00)	
Decrease / (Increase) in operating receivables	45,386,755.44	(23,294,037.69)	
Increase/ (Decrease) in operating payables	(29,376,448.74)	11,229,801.64	
Net cash flows from operating Activities	<u>34,592,183.82</u>	<u>15,090,765.45</u>	
(2) Net increase in cash and cash equivalents			
Cash at end of year	74,378,582.08	68,517,888.15	
Less: Cash at beginning of year	<u>68,517,888.15</u>	<u>87,168,867.22</u>	
Net increase / (decrease) in cash and cash equivalents	<u>5,860,693.93</u>	<u>(18,650,979.07)</u>	

The notes on pages 10 to 29 form an integral part of these financial statements.

HCL Axon Solutions (Shanghai) Co., Ltd.
STATEMENT OF CHANGES IN EQUITY
For the Year Ended 31 December 2017
(Expressed in Renminbi Yuan)

	<u>2017</u>	<u>2016</u>
Paid-in capital:		
At beginning and end of year	<u>2,069,250.00</u>	<u>2,069,250.00</u>
Surplus reserves:		
At beginning of year	1,034,625.00	1,034,625.00
Surplus withdrawal	<u>-</u>	<u>-</u>
At 31 December 2017	<u>1,034,625.00</u>	<u>1,034,625.00</u>
Retained earnings:		
At beginning of year	58,423,325.12	22,673,867.32
Net profit for the year	13,979,084.69	35,749,457.80
Surplus withdrawal	<u>-</u>	<u>-</u>
At 31 December 2017	<u>72,402,409.81</u>	<u>58,423,325.12</u>

The notes on pages 10 to 29 form an integral part of these financial statements.

HCL Axon Solutions (Shanghai) Co., Ltd.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended 31 December 2017
(Expressed in Renminbi Yuan)

1. Corporate information

HCL Axon Solutions (Shanghai) Co., Ltd. ("the Company") is a limited company solely established by Malaysia JSPC I-SOLUTIONS BERHAD on 2 June 2004 upon approval by People's Government of Shanghai Pudong New District with document Pufuxiang Zi No.(2004) 256 (浦府项字 (2004) 第256号文). The registered capital of the Company is USD 250,000. 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 JSPC I-SOLUTIONS BERHAD were sold to HCL AXON 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 PUNEET MEHRA and the operation period is 20 years. Its legal registration address is 23508- 23510, 14 Building, 498 Guoshoujing Road, SPSP, Pudong New Area, Shanghai.

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. Significant accounting policies and estimates

The financial statements have been prepared based on the following accounting policies and estimates, which are in accordance with the Accounting System for Business Enterprises and other related regulations issued by the Ministry of Finance of the People's Republic of China ("PRC").

Accounting system

Accounting System for Business Enterprises

Accounting year

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

Reporting currency

The Company's reporting and presentation currency is the Renminbi ("Rmb"). Unless otherwise stated, the unit of the currency is Yuan.

2. Significant accounting policies and estimates (continued)

Basis of accounting and measurement basis

Unless otherwise stated, the Company's accounts have been prepared on an accrual basis using the historical cost as the basis of measurement. Assets are recorded at cost when they are acquired. Subsequently, if the assets are impaired, impairment provisions are made in accordance with the Accounting System for Business Enterprises.

Foreign currency transactions

Transactions in currencies other than the reporting currency are translated into the reporting currency at the exchange rates quoted by the People's Bank of China ("the reference rates") and the cross rates quoted by the State Administration of Foreign Exchange Control (the "cross rates"), prevailing on the transaction dates/first day of the month in which the transactions take place.

Monetary assets and liabilities denominated in foreign currencies are restated into the reporting currency using the reference rates ruling at the balance sheet date. All the exchange differences from settlement and conversion of monetary foreign currency items, except for capitalisation of those relating to foreign currency borrowings in relation to construction and acquisition of fixed assets, are recognized in current period income statement. Non-monetary foreign currency items measured at historical cost should still be translated at the reference rates prevailing on the transaction date, and the amount denominated in the functional currency should not be changed.

Cash equivalents

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

Bad debts

Accounts receivable meeting the following criteria are recognised as bad debts:

- the debtor is deceased or has been declared bankrupt and the debts remain uncollectible after considering the assets of the bankrupt or the estate of the deceased debtor;
- debts that are long overdue where there is also evidence indicating that the debts are uncollectible or the possibility of collection is remote.

HCL Axon Solutions (Shanghai) Co., Ltd.
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended 31 December 2017
(Expressed in Renminbi Yuan)

2. Significant accounting policies and estimates (continued)

Bad debts (continued)

Specific provisions are made to account for bad debt losses on accounts receivable and other receivables. A specific provision refers to an amount that is provided based on management's assessment of the recoverability of an individual receivable.

Inventories

Inventories are initially recorded at its cost. Inventory costs include purchase costs, processing costs and other costs.

Inventories are valued at the lower of cost and net realizable value at the balance sheet date. Inventories are valued at the lower of cost and net realisable value at the balance sheet date. If the cost of inventories is higher than the net realisable value, a provision for decline in value of inventories is recognized in profit or loss for the current period. If factors that gave rise to the provision for the inventory previously made no longer exist, resulting in the net realizable value being higher than the book value, the previously provided inventory amount in the current period income statement should be reversed, to the extent of the amount previously provided for.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs to be incurred to completion and estimated expenses and related taxes necessary to make the sale. The provision for inventories is determined on an individual item basis.

Fixed assets

Fixed assets are tangible assets with high unit costs held by the Company for use in production of goods, supply of services, rental or for administrative purposes, and are expected to be used for more than one year.

Fixed assets are recorded at cost when acquired. Fixed assets depreciation is calculated using the straight-line method. The respective estimated useful lives and estimated residual values of fixed assets are as follows:

<u>Category</u>	<u>Estimated useful life</u>	<u>Estimated residual value [(%)]</u>	<u>Annual depreciation rate</u>
Office equipment	3-5years	5%	19.00%-31.67%

At the end of the accounting period, fixed assets are carried at the lower of book value and recoverable amount. A provision for impairment of fixed assets is made for any difference between the book value and the lower recoverable amount. The recoverable amount of the fixed assets is the greater of the net selling price and the value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

HCL Axon Solutions (Shanghai) Co., Ltd.
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended 31 December 2017
(Expressed in Renminbi Yuan)

2. Significant accounting policies and estimates (continued)

Fixed assets (continued)

Gains or losses arising from the disposal, damage, obsolescence or physical counting of fixed assets are accounted for as non-operating expenses or income in the current year.

Long-term prepayments

Long-term prepayments are amortised over the periods from which the Company derives benefits, on a straight-line basis, as follows:

<u>Item</u>	<u>Beneficial period</u>
Decorating expenses	3 years

Revenue recognition

Revenue from the sale of goods is recognised when: The significant risks and rewards in relation to ownership of the goods have been transferred to the buyer; The Company maintains neither continuing managerial involvement nor effective control over the goods sold; It is probable that the economic benefits associated with the transaction will flow to the Company; The relevant amounts of revenue and costs can be measured reliably.

Rendering of services are recognised when the results of service providing transactions can be estimated reliably and the transactions initiate and terminate within one fiscal year. For inter-temporal services, rendering of services are recognised by percentage of completion.

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Rentals applicable to such operating leases are charged to the income statement on a straight-line basis over the lease terms.

HCL Axon Solutions (Shanghai) Co., Ltd.
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended 31 December 2017
(Expressed in Renminbi Yuan)

2. Significant accounting policies and estimates (continued)

Income tax

Income tax is accounted for using the tax payable method, whereby the income tax provision is calculated based on the applicable income tax rate and the accounting results for the year after adjusting for items which are non-assessable or disallowed in accordance with the relevant tax laws.

The major categories of taxes applicable to the Company and the respective tax rates are as follows:

- | | |
|--|---|
| (1) Value added tax ("VAT") - | In accordance with the relevant tax laws in the PRC, the VAT rate for sales is 17%/6%. VAT is levied at 17%/6% on the invoiced value of sales and is payable by the purchaser. The Company is required to remit the VAT it collects to the tax authority, but may deduct the VAT it has paid on eligible purchases. |
| (2) Urban maintenance and construction tax | - The Company is subject to the tax of 7% on its actually paid turnover tax. |
| (3) Education surcharge | - The Company is subject to an education surcharge and local education surcharge of 3% and 2% of actually paid turnover tax respectively. |
| (4) Withholding of individual income tax | - In accordance with the relevant tax laws in the PRC, the Company is required to withhold individual income tax on salaries paid to its employees. |
| (5) Withholding of corporate income tax | - In accordance with the relevant tax laws in the PRC, the Company is subjected to a corporate income tax rate of 25%. |

According to the Provisional Regulations of the People's Republic of China on business tax, the company does not conduct business sales tax.

According to the notifications of the Ministry of Finance and the State Administration of Taxation issued by the Ministry of Finance and the State Administration of Taxation on the comprehensive promotion of the VAT pilot of the business tax reform (2016) (No. 36), since May 1, 2016, the company's business income is applicable to value-added tax, which is 6%, and the business tax is not levied before May 1, 2016.

HCL Axon Solutions (Shanghai) Co., Ltd.
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended 31 December 2017
(Expressed in Renminbi Yuan)

3. Cash

	2017	2016
Cash in bank	<u>74,378,582.08</u>	<u>68,517,888.15</u>

4. Accounts receivable

	2017	2016
Accounts receivable	97,088,876.25	147,968,908.79
Less: Bad debt provision	<u>166,616.00</u>	<u>1,511,216.00</u>
	<u>96,922,260.25</u>	<u>146,457,692.79</u>

The ageing analysis is as below:

Ageing	2017			2016		
	Balance	%	Bad debt provision	Balance	%	Bad debt provision
Within 1 year	97,088,876.25	100.00	166,616.00	147,968,908.79	100.00	1,511,216.00
1-2 years	-	-	-	-	-	-
	<u>97,088,876.25</u>	<u>100.00</u>	<u>166,616.00</u>	<u>147,968,908.79</u>	<u>100.00</u>	<u>1,511,216.00</u>

5. Bad debt provision

	Opening balance	Additions	Reversals	Closing balance
Accounts receivable	<u>1,511,216.00</u>	<u>166,616.00</u>	<u>(1,511,216.00)</u>	<u>166,616.00</u>

6. Other receivables

	2017	2016
Other receivables	<u>9,917,397.43</u>	<u>3,376,597.07</u>

7. Inventories

	2017	2016
Finished goods	<u>3,269,707.49</u>	<u>4,000,990.00</u>

HCL Axon Solutions (Shanghai) Co., Ltd.
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended 31 December 2017
(Expressed in Renminbi Yuan)

8. Fixed assets

	2017	2016
<u>Office equipment</u>		
Cost:		
Opening balance	7,219,395.55	1,306,391.64
Additions	25,113,385.93	7,293,500.55
Disposals	<u>(618,228.00)</u>	<u>(1,380,496.64)</u>
Closing balance	<u>31,714,553.48</u>	<u>7,219,395.55</u>
Accumulated depreciation:		
Opening balance	2,314,365.24	1,060,066.60
Charge for the year	3,097,733.27	1,289,865.03
Written back on disposal	<u>(618,228.00)</u>	<u>(35,566.39)</u>
Closing balance	<u>4,793,870.51</u>	<u>2,314,365.24</u>
Net book value:		
Closing balance	<u>26,920,682.97</u>	<u>4,905,030.31</u>

As at 31 December 2017, Management of the Company was in view of that no fixed assets impairment should be provided. There are no significant fixed assets that are temporary idle, retired or ready for disposal.

9. Long-term prepayments

	2017	2016
<u>Decoration expenses</u>		
Opening balance	24,182.80	130,940.45
Additions	1,298,482.41	-
Amortisation	<u>865,787.01</u>	<u>106,757.65</u>
Closing balance	<u>456,878.20</u>	<u>24,182.80</u>

HCL Axon Solutions (Shanghai) Co., Ltd.
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended 31 December 2017
(Expressed in Renminbi Yuan)

10. Taxes payable

	2017	2016
Value added tax	2,205,550.03	1,011,935.95
Corporate income tax	2,634,219.05	9,691,371.85
Other tax	<u>9,548.60</u>	<u>83,896.42</u>
	<u>4,849,317.68</u>	<u>10,787,204.22</u>

The major categories of taxes applicable to the Company and the respective tax rates are as follows:

- | | |
|--|---|
| (1) Value added tax ("VAT") | - In accordance with the relevant tax laws in the PRC, the VAT rate for sales is 17%/6%. VAT is levied at 17%/6% on the invoiced value of sales and is payable by the purchaser. The Company is required to remit the VAT it collects to the tax authority, but may deduct the VAT it has paid on eligible purchases. |
| (2) Withholding of individual income tax | - In accordance with the relevant tax laws in the PRC, the Company is subjected to a corporate income tax rate of 25%. |
| (3) Withholding of individual income tax | - In accordance with the relevant tax laws in the PRC, the Company is required to withhold individual income tax on salaries paid to its employees. |
| (4) Withholding of corporate taxes | - In accordance with the relevant tax laws in the PRC, the Company is required to withhold and pay corporate income tax and business tax in respect of the interest and technology transfer fees payable to foreign investors and overseas related companies. |

HCL Axon Solutions (Shanghai) Co., Ltd.
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended 31 December 2017
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11. Paid-in capital

Registered capital:

	2017		2016	
	RMB	%	RMB	%
HCL AXON MALAYSIA SDN.BHD	<u>2,069,250.00</u>	<u>100.00</u>	<u>2,069,250.00</u>	<u>100.00</u>

Paid-in capital:

	2017		2016	
	RMB	%	RMB	%
HCL AXON MALAYSIA SDN.BHD	<u>2,069,250.00</u>	<u>100.00</u>	<u>2,069,250.00</u>	<u>100.00</u>

Shanghai Xin Yu Accountant Firm issued [Xin Yu Yan (2004) No.115] capital verification report on 2 September 2004.

12. Revenue from principal operations

	2017	2016
Sale of goods	8,873,610.99	-
Rendering of services	<u>164,236,807.77</u>	<u>173,298,430.18</u>
	<u>173,110,418.76</u>	<u>173,298,430.18</u>

13. Financial expenses

	2017	2016
Interest (income)	(240,316.68)	(662,899.35)
Interest expenses	-	277,071.93
Exchange loss / (gain)	346,736.86	(4,444,977.04)
Others	<u>43,200.62</u>	<u>28,418.21</u>
	<u>149,620.80</u>	<u>(4,802,386.25)</u>

14. Income tax

	2017	2016
Income tax for the year	5,113,830.54	9,602,998.59
Income tax adjusted for the prior year	<u>1,444,434.41</u>	<u>-</u>
	<u>6,558,264.95</u>	<u>9,602,998.59</u>

HCL Axon Solutions (Shanghai) Co., Ltd.
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended 31 December 2017
(Expressed in Renminbi Yuan)

15. Related party relationships and transactions

Details of the Company's investor, which has a controlling interest in the Company, are as follows:

<u>Name of investor</u>	<u>Place of registration</u>	<u>Equity interest held and its changes during the year</u>
HCL AXON MALAYSIA SDN.BHD	Malaysia	100%

<u>Name</u>	<u>Relationship</u>
HCL SWEDEN AB	Entity has the same ultimate shareholder
HCL Poland sp. z o.o	Entity has the same ultimate shareholder
HCL Japan Limited	Entity has the same ultimate shareholder
HCL Technologies Ltd.	Entity has the same ultimate shareholder
HCL Technologies Czech Republic CRO	Entity has the same ultimate shareholder
HCL Hong Kong SAR Limited	Entity has the same ultimate shareholder
HCL GmbH, Germany	Entity has the same ultimate shareholder
HCL Technologies France	Entity has the same ultimate shareholder
HCL Australia Services Pty. Ltd.	Entity has the same ultimate shareholder
HCL America Inc.	Entity has the same ultimate shareholder
Axon Solutions Australia Pty Limited	Entity has the same ultimate shareholder
Axon United Kingdom	Entity has the same ultimate shareholder
Axon Solutions Singapore	Entity has the same ultimate shareholder
Axon Solutions Sdn Bhd	Entity has the same ultimate shareholder
Axon America	Entity has the same ultimate shareholder
Axon Solutions Pty. Ltd.	Entity has the same ultimate shareholder
HCL (Netherlands) B.V.	Entity has the same ultimate shareholder
HCL Technologies Finland Oy	Entity has the same ultimate shareholder
HCL Great Britain Limited.	Entity has the same ultimate shareholder
HCL Axon Tech.INC – Canada	Entity has the same ultimate shareholder
HCL Belgium NV	Entity has the same ultimate shareholder
HCL Singapore Pte. Ltd.	Entity has the same ultimate shareholder
HCL Technologies Italy S.p.A	Entity has the same ultimate shareholder
HCL Ireland Information Systems Ltd.	Entity has the same ultimate shareholder
HCL Technologies Ltd.Russia Branch	Entity has the same ultimate shareholder
HCL Technologies Austria GmbH	Entity has the same ultimate shareholder
HCL Technologies (Shanghai) Limited	Entity has the same ultimate shareholder

HCL Axon Solutions (Shanghai) Co., Ltd.
NOTES TO FINANCIAL STATEMENTS (Continued)
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(Expressed in Renminbi Yuan)

15. Related party relationships and transactions (continued)

<u>Name (Continued)</u>	<u>Relationship</u>
HCL Argentina S.A.	Entity has the same ultimate shareholder
HCL Hungary Korlátolt Felelősségű Társaság (Kft.)	Entity has the same ultimate shareholder
PT HCL Technologies Indonesia	Entity has the same ultimate shareholder
HCL Technologies Philippines, Inc.	Entity has the same ultimate shareholder
HCL Technologies Limited - Portugal Branch	Entity has the same ultimate shareholder
HCL Mexico S.De.R.L.De.C.V.	Entity has the same ultimate shareholder
HCL Technologies Germany GmbH Frankfurter	Entity has the same ultimate shareholder
HCL Technologies Denmark Aps	Entity has the same ultimate shareholder
HCL Tech Limited, Moscow	Entity has the same ultimate shareholder
HCL Technologies Limited- UAE Branch	Entity has the same ultimate shareholder
HCL Technologies Solutions GmbH - Switzerland	Entity has the same ultimate shareholder
HCL (Brazil) Tecnologia da informacao Ltda.	Entity has the same ultimate shareholder
HCL Technologies Chile SPA	Entity has the same ultimate shareholder
HCL Germany Frankfurter UK	Entity has the same ultimate shareholder
HCL Technologies Middle E Dubai	Entity has the same ultimate shareholder
HCL Technologies B.V. - Netherland	Entity has the same ultimate shareholder
HCL Technologies Limited- Israel Branch	Entity has the same ultimate shareholder
HCL Technologies Romania Srl.	Entity has the same ultimate shareholder
HCL Arabia LLC	Entity has the same ultimate shareholder
Filial Espanola De HCL Technologies S.L.	Entity has the same ultimate shareholder
HCL Istanbul Bilisim Teknolojileri Limited Sirketi	Entity has the same ultimate shareholder
HCL Technologies UK Ltd.	Entity has the same ultimate shareholder
HCL Technologies Egypt Ltd.	Entity has the same ultimate shareholder
HCL Technologies Limited- Swiss Branch	Entity has the same ultimate shareholder
HCL Technologies (Thailand) Limited	Entity has the same ultimate shareholder
HCL Technologies Beijing Co., Ltd.	Entity has the same ultimate shareholder
HCL Axon PROPRIETARY	Entity has the same ultimate shareholder
HCL Belgium NV	Entity has the same ultimate shareholder
HCL Technologies (New Zealand) Ltd.	Entity has the same ultimate shareholder
HCL Technologies Ltd. Madurai	Entity has the same ultimate shareholder
HCL Technologies Norway AS	Entity has the same ultimate shareholder
HCL Tech Ltd. – IOMC	Entity has the same ultimate shareholder
HCL America Solutions Inc	Entity has the same ultimate shareholder
HCL Axon (Pty) Ltd.	Entity has the same ultimate shareholder
HCL Tech Sweden	Entity has the same ultimate shareholder
HCL TECHNOLOGIES LTD. Russia Branch	Entity has the same ultimate shareholder
Axon Solutions Schweiz GmbH	Entity has the same ultimate shareholder
HCL Technologies Germany	Entity has the same ultimate shareholder
HCL Axon Technologies Inc.	Entity has the same ultimate shareholder
HCL Tech Italy	Entity has the same ultimate shareholder

HCL Axon Solutions (Shanghai) Co., Ltd.
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended 31 December 2017
(Expressed in Renminbi Yuan)

15. Related party relationships and transactions (continued)

<u>Name (Continued)</u>	<u>Relationship</u>
Axon Solutions Ltd.	Entity has the same ultimate shareholder
HCL Technologies Limited Switzerland	Entity has the same ultimate shareholder
HCL Technologies Denmark Aps	Entity has the same ultimate shareholder

Significant transactions and balances between the Company and its related parties during the year are as follows:

(1) Sales and purchases	2017	2016
<u>Sales of goods and services</u>		
HCL Technologies France	7,456,465.40	(2,473,853.92)
HCL Axon Tech.INC - Canada	129,800.00	2,268,242.74
HCL Belgium NV	1,281,358.20	1,769,494.25
HCL Technologies (Shanghai) Limited	4,694,556.40	7,614,070.92
HCL America Inc.	4,354,845.33	1,564,817.52
HCL Poland sp. z o.o	-	(3,125,300.00)
HCL Technologies Ltd.	14,017,961.95	11,951,036.34
HCL (Netherlands) B.V.	-	575,958.65
HCL Argentina S.A.	-	31,946.00
HCL Technologies Finland Oy	1,006,982.00	3,338,481.00
HCL Technologies Limited		
- Portugal Branch	-	33,647.00
HCL Technologies Czech Republic CRO	97,680.00	262,586.00
HCL Mexico S.De.R.L.De.C.V.	33,587.00	500,261.00
HCL Technologies Italy S.p.A	18,734.00	122,219.77
HCL Great Britain Limited	9,608.00	6,288,043.15
Filial Espanola De HCL		
Technologies S.L.	48,976.00	32,536.00
HCL Japan Limited	395,654.00	197,572.97
HCL Hong Kong SAR Limited	155,843.00	253,722.02
HCL Technologies Solutions GmbH		
- Switzerland	-	14,278.00
PT HCL Technologies Indonesia	-	193,432.00
HCL Technologies Philippines, Inc.	-	23,152.00
HCL Australia Services Pty. Ltd.	407,502.00	901,916.72
HCL Hungary Korlátolt Felelősségű Társaság (Kft.)	34,488.00	-
HCL GmbH, Germany	9,939.00	458,580.05
HCL Technologies Austria GmbH	-	220,508.00
HCL Belgium NV	-	40,960.00
HCL Technologies (Thailand) Limited	-	116,090.00
Axon Solutions Pty. Ltd..	-	140,680.00

HCL Axon Solutions (Shanghai) Co., Ltd.
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended 31 December 2017
(Expressed in Renminbi Yuan)

15. Related party relationships and transactions (continued)

Significant transactions and balances between the Company and its related parties during the year are as follows: (continued)

(1) Sales and purchases (continued)

	2017	2016
<u>Sales of goods and services(continued)</u>		
HCL (Brazil) Tecnologia da informacao Ltda.	836,085.00	368,558.10
HCL Technologies Chile SPA	89,520.00	304,568.61
HCL Technologies Denmark Aps	-	143,909.00
HCL Technologies Germany GmbH Frankfurter	-	1,352,889.58
HCL Technologies B.V. - Netherland	-	172,440.00
HCL Technologies Limited - Israel Branch	-	57,980.11
HCL Technologies Romania Srl.	130,973.00	85,072.12
HCL Arabia LLC	-	9,332.74
HCL SWEDEN AB	673,670.00	1,926,427.11
HCL İSTANBUL BİLİŞİM TEKNOLOJİLERİ LIMITED ŞİRKETİ	-	102,405.46
HCL Technologies UK Ltd.	1,373,471.00	1,797,803.00
HCL Singapore Pte. Ltd.	426,268.00	187,415.02
HCL Tech Ltd – IOMC	3,620,220.00	-
HCL America Solutions Inc	114,133.00	-
HCL Axon (Pty) Ltd.	259,267.00	-
HCL Tech Sweden	197,267.00	-
HCL TECHNOLOGIES LTD. Russia Branch	27,505.00	-
Axon Solutions Schweiz GmbH	9,738.00	-
HCL Technologies Germany	40,179.00	-
HCL Tech Italy	26,550.00	-
HCL Technologies Middle E Dubai	27,978.00	-
	<u>42,006,804.28</u>	<u>39,823,879.03</u>

2017 2016

Purchases of goods and services

HCL Tech Limited, Moscow	-	(3,389.97)
HCL Tech Ltd. - IOMC	6,355,024.00	-
HCL Great Britain Limited	3,647,554.35	3,138,530.41
HCL Technologies Limited - Portugal Branch	3,053,015.46	-
HCL America Inc.	2,731,490.12	(136,981.59)

HCL Technologies (New Zealand) Ltd. 1,734,003.09 -
HCL Axon Solutions (Shanghai) Co., Ltd.
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended 31 December 2017
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15. Related party relationships and transactions (continued)

Significant transactions and balances between the Company and its related parties during the year are as follows: (continued)

(1) Sales and purchases (continued)

	2017	2016
<u>Purchases of goods and services (continued)</u>		
HCL Technologies (Shanghai) Limited	1,686,997.66	5,009,008.90
HCL Technologies Ltd.	1,490,511.50	1,592,946.17
HCL Axon Tech.INC - Canada	774,740.19	44,029.39
HCL Technologies Middle E Dubai	668,518.67	-
HCL Technologies France	501,676.28	946,699.34
HCL Technologies Norway AS	426,927.12	-
Axon Solutions Sdn.Bhd	338,909.06	261,786.37
HCL Technologies Austria GmbH	307,029.55	17,185.61
HCL AXON MALAYSIA SDN.BHD	296,272.98	-
HCL Japan Limited	216,181.82	294,088.64
HCL Technologies Denmark Aps	211,086.14	-
HCL Technologies UK Ltd.	106,537.88	2,803,115.32
HCL (Brazil) Tecnologia da informacao Ltda.	104,259.17	61,721.78
HCL Poland sp. z o.o	38,387.50	(448.29)
HCL Technologies Italy S.p.A	34,437.29	-
HCL SWEDEN AB	-	1,009,976.87
HCL Technologies Philippines, Inc.	24,991.91	-
HCL Hong Kong SAR Limited	24,753.14	-
HCL Singapore Pte. Ltd.	12,193.23	(1,448.91)
HCL Technologies Ltd. Madurai	13,661.91	-
HCL GmbH, Germany	7,218.57	(15,867.28)
PT HCL Technologies Indonesia	15,879.27	452,634.56
Axon United Kingdom	-	4,487,298.73
HCL Technologies Finland Oy	-	1,055,856.92
Axon Solutions Australia Pty Limited	-	499,838.02
HCL Frankfurter	-	402,340.55
HCL İSTANBUL BİLİŞİM TEKNOLOJİLERİ LIMITED ŞİRKETİ	-	235,602.98
HCL Technologies Egypt Ltd.	-	122,801.15
HCL Argentina S.A.	-	120,141.10
HCL Technologies Limited- Swiss Branch	-	187,108.17
HCL Australia Services Pty. Ltd.	-	100,061.55
Axon Solutions Pty. Ltd.	-	5,313.93
HCL Technologies Limited- UAE Branch	-	13.81
HCL Technologies Denmark Aps	-	(677.52)
HCL Ireland Information Systems Ltd.	-	(4,323.45)
Filial Espanola De HCL Technologies S.L.	-	(14,921.27)

HCL Axon Solutions (Shanghai) Co., Ltd.
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended 31 December 2017
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15. Related party relationships and transactions (continued)

Significant transactions and balances between the Company and its related parties during the year are as follows: (continued)

(1) Sales and purchases (continued)

	2017	2016
<u>Purchases of goods and services (continued)</u>		
HCL Tech Sweden	<u>25,463.10</u>	<u>-</u>
	<u>24,847,720.96</u>	<u>22,660,041.99</u>

(2) Amounts due from/to related parties

	2017	2016
<u>Accounts receivable</u>		
HCL Technologies France	11,656,721.39	54,814,354.95
HCL Tech Limited, Moscow	3,605,083.19	-
HCL Belgium NV	438,652.00	967,568.99
HCL Technologies (Shanghai) Limited	4,768,399.62	10,653,029.81
HCL Axon Tech. INC - Canada	-	6,049,837.00
HCL Technologies Ltd.	-	13,052,817.58
HCL (Netherlands) B.V.	-	479,231.56
HCL Technologies Czech Republic CRO	14,739.00	355,900.00
HCL Mexico S.De.R.L.De.C.V.	-	500,371.50
HCL Technologies Italy S.p.A	-	86,739.77
Filial Espanola De HCL Technologies S.L.	48,976.00	-
HCL Japan Limited	560,084.00	256,222.97
HCL Technologies Solutions GmbH- Switzerland	-	14,278.00
PT HCL Technologies Indonesia	-	193,432.00
HCL Australia Services Pty. Ltd.	-	897,064.92
HCL Hungary Korlátolt Felelősségű Társaság (Kft.)	34,488.00	-
HCL Singapore Pte. Ltd.	321,192.00	187,565.56
HCL Hong Kong SAR Limited	155,843.00	253,821.86
HCL America Inc.	3,487,678.13	1,342,966.13
HCL Technologies Austria GmbH	-	220,508.00
HCL (Brazil) Tecnologia da informacao Ltda.	836,085.00	368,558.10
HCL Great Britain Limited	33,955.00	6,288,043.15
HCL Technologies Ltd. Russia Branch	27,505.00	20,244.05
HCL Technologies Chile SPA	-	304,568.61
HCL Technologies Denmark Aps	-	143,909.00
HCL Germany Frankfurter UK	-	1,203,510.00
HCL GmbH, Germany	-	229,345.05
HCL Technologies B.V. - Netherland	-	172,440.00

HCL Axon Solutions (Shanghai) Co., Ltd.
NOTES TO FINANCIAL STATEMENTS (Continued)
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15. Related party relationships and transactions (continued)

Significant transactions and balances between the Company and its related parties during the year are as follows: (continued)

(2) Amounts due from/to related parties (continued)

	2017	2016
<u>Accounts receivable (continued)</u>		
HCL Technologies Limited- Israel Branch	-	57,980.11
HCL Technologies Romania Srl.	130,973.00	85,072.12
HCL Arabia LLC	-	9,332.74
HCL SWEDEN AB	-	1,926,427.11
HCL Technologies Finland Oy	-	3,338,481.00
HCL Technologies (Thailand) Limited	-	116,090.00
HCL İSTANBUL BİLİŞİM TEKNOLOJİLERİ LIMITED ŞİRKETİ	-	102,405.46
HCL Technologies UK Ltd.	140,472.00	1,797,803.00
Axon Solutions Pty. Ltd.	<u>399,947.00</u>	<u>140,680.00</u>

	2017	2016
<u>Other receivables</u>		
HCL Hong Kong SAR Limited	-	277,938.62
HCL Singapore Pte. Ltd.	-	146,215.40
HCL Technologies Ltd.	-	51,755.44
HCL Japan Limited	33,142.97	-
HCL AXON MALAYSIA SDN.BHD	-	32,333.93
HCL Argentina S.A.	141,422.00	-
HCL America Inc.	-	32,235.40
HCL Technologies Beijing Co., Ltd.	-	45,014.00
Axon United Kingdom	-	50,600.00
HCL Technologies (Shanghai) Limited	<u>5,337,185.20</u>	<u>-</u>

	2017	2016
<u>Accounts payable</u>		
HCL Technologies Ltd.	3,334,980.17	41,161,436.13
Axon Solutions Sdn Bhd	442,917.37	25,101,204.39
HCL America Inc.	9,204,904.65	6,468,439.15
Axon Solution Ltd.	3,131,227.01	3,131,227.01
HCL Technologies Limited - Portugal Branch	7,168,239.98	4,115,224.52
HCL Great Britain Limited	8,920,270.72	5,421,029.95
HCL Singapore Pte. Ltd.	6,853.43	2,221,099.29
HCL Technologies (Shanghai) Limited	3,390,338.58	6,672,608.48

HCL Axon Solutions (Shanghai) Co., Ltd.
NOTES TO FINANCIAL STATEMENTS (Continued)
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15. Related party relationships and transactions (continued)

Significant transactions and balances between the Company and its related parties during the year are as follows: (continued)

(2) Amounts due from/to related parties (continued)

	2017	2016
<u>Accounts payable (continued)</u>		
HCL Hong Kong SAR Limited	33,358.08	1,196,699.25
Axon Solutions Singapore	-	715,489.82
HCL Technologies Austria GmbH	376,850.75	662,239.98
Axon Solutions Australia Pty Limited	-	838,964.56
HCL Australia Services Pty. Ltd.	529,517.13	365,478.66
HCL Japan Limited	468,410.98	542,746.17
HCL Poland sp. z o.o	38,387.50	197,486.11
Axon Solutions Pty. Ltd.	335,799.55	335,799.55
HCL Ireland Information Systems Ltd.	112,606.57	112,606.57
HCL Frankfurter	-	244,354.75
HCL Technologies Denmark Aps	303,547.72	92,461.58
HCL Axon Tech. INC – Canada	837,262.47	-
HCL Belgium NV	-	60,504.26
HCL SWEDEN AB	24,029.72	505,351.75
HCL AXON MALAYSIA SDN.BHD	332,891.83	36,618.85
HCL GmbH, Germany	-	17,707.42
Russia Branch	20,244.05	20,244.05
HCL Technologies Finland Oy	12,786.50	1,070,462.50
HCL (Netherlands) B.V.	-	7,206.62
Axon United Kingdom	-	6,145,462.09
Axon America	-	16,838.75
HCL Technologies Limited- UAE Branch	-	293.44
HCL Argentina S.A.	120,141.10	120,141.10
HCL (Brazil) Tecnologia da informacao Ltda.	165,980.95	61,721.78
HCL Technologies Egypt Ltd.	-	122,801.15
HCL Technologies France	526,215.16	521,448.79
PT HCL Technologies Indonesia	468,513.83	452,634.56
Filial Espanola De HCL Technologies S.L.	-	184,788.11
HCL İSTANBUL BİLİŞİM TEKNOLOJİLERİ LIMITED ŞİRKETİ	220,603.69	235,602.98
HCL Axon (Pty) Ltd.	30,952.15	182,224.02
HCL Tech Sweden	548,706.23	548,706.23
HCL Technologies Germany	254,422.50	254,422.50
HCL Technologies UK Ltd.	2,909,653.20	2,909,653.20
HCL Technologies Ltd Madurai	13,661.91	-
HCL Technologies Norway AS	426,927.12	-
HCL Technologies (New Zealand) Ltd.	111,888.92	-
HCL Technologies Middle E Dubai	668,518.67	-

HCL Axon Solutions (Shanghai) Co., Ltd.
NOTES TO FINANCIAL STATEMENTS (Continued)
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15. Related party relationships and transactions (continued)

Significant transactions and balances between the Company and its related parties during the year are as follows: (continued)

(2) Amounts due from/to related parties (continued)

	2017	2016
<u>Accounts payable(continued)</u>		
HCL Technologies Philippines, Inc.	24,991.91	-
HCL Technologies Limited Switzerland	187,108.17	187,108.17
HCL Tech Ltd – IOMC	6,820,566.00	6,820,566.00
HCL Technologies Italy S.p.A	<u>34,437.29</u>	<u>-</u>

	2017	2016
<u>Advances from customers</u>		
HCL Technologies France	37,497,589.00	1,543,640.00
HCL Great Britain Limited.	6,114,475.55	-
HCL Canada	4,608,772.37	4,553,834.20
Axon Solutions Sdn Bhd	-	845,079.51
HCL Belgium NV	454,469.44	2,455,919.00
HCL Hong kong SAR Ltd.	-	765,501.12
HCL Singapore Pte. Ltd.	-	358,570.70
HCL GmbH, Germany	-	-
Axon Solutions Singapore	-	40,954.37
HCL Technologies Italy S.p.A	9,935.73	9,935.73
HCL Poland sp. z o.o	5,926.37	3,125,841.46
HCL Australia Services Pty. Ltd.	347,220.04	2,622.38
HCL Technologies Ltd.	1,320,895.02	5,481.61
HCL Technologies (Shanghai) Limited	695,389.36	-
Axon United Kingdom	-	516,702.25
HCL Axon PROPRIETARY	-	278,159.11
Filial Espanola De HCL Technologies S.L.	-	239,582.03
HCL Technologies Sweden AB	352,336.95	-
HCL Technologies Denmark Aps	9,673.50	-
HCL Argentina S.A.	70,570.20	-
Axon Solutions Ltd	112,579.30	-
HCL Technologies Egypt Ltd.	<u>122,801.15</u>	<u>-</u>

	2017	2016
<u>Other payables</u>		
HCL Technologies (Shanghai) Limited	28,678.00	(3,884.20)
HCL Technologies Ltd.	54,824.00	(27,283.00)

HCL Axon Solutions (Shanghai) Co., Ltd.
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended 31 December 2016
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15. Related party relationships and transactions (continued)

Significant transactions and balances between the Company and its related parties during the year are as follows: (continued)

(2) Amounts due from/to related parties (continued)

	2017	2016
<u>Accounts payable(continued)</u>		
HCL Japan Limited	-	131.20

Amounts due from/to related parties are unsecured and repayable within 2 years.

(3) Financing

Significant financing between the Company and its related party during the year is as follows:

	2017	2016	Interest rate
<u>Repayment loan:</u>			
HCL Technologies (Shanghai) Limited	-	27,000,000.00	5%

16. Commitments

The non-cancellable minimum lease payments subsequent to the balance sheet date are as follows:

	2017	2016
The 1st year	3,232,347.28	875,057.08
The 2nd year	2,317,266.54	784,358.08
The 3rd year	60,577.73	716,811.33
	<u>5,610,191.55</u>	<u>2,376,226.49</u>

17. Contingencies

The company has no contingencies need to disclosure.

HCL Axon Solutions (Shanghai) Co., Ltd.
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended 31 December 2017
(Expressed in Renminbi Yuan)

18. Events occurring after the balance sheet date

The company has no events occurring after the balance sheet date need to disclosure.

19. Approval of the financial statements

The financial statements have been authorised for issuance by the board of directors on 29 May 2018.

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