

HCL TECHNOLOGIES (SHANGHAI) LIMITED

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 2102571 号

The Board of Directors of HCL Technologies (Shanghai) Limited:

Opinion

We have audited the accompanying financial statements of HCL Technologies (Shanghai) Limited ("the Company") set out on pages 1 to 19, which comprise the balance sheet as at 31 December 2020, the income and profit appropriation statement, the cash flow statement 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 2020, and the financial performance and cash flows of the Company for the year then 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 the Company 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 2102571 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 2102571 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 Technologies (Shanghai) Limited
Balance sheet as at 31 December 2020
(Expressed in Renminbi Yuan)

| | Note | 2020 | 2019 |
|-------------------------------------|------|-----------------------|-----------------------|
| Assets | | | |
| Current assets | | | |
| Cash at bank and on hand | 5 | 42,765,883.10 | 42,783,060.94 |
| Short-term investments | 6 | 18,000,000.00 | 18,000,000.00 |
| Interest receivable | | 826,027.41 | 1,277,646.99 |
| Accounts receivable | 7 | 122,665,158.42 | 103,152,435.91 |
| Other receivables | 8 | 2,247,063.88 | 14,021,072.20 |
| Payments in advance | | 6,339,954.30 | 1,022,328.30 |
| Deferred expenses | | <u>2,340,297.05</u> | <u>1,713,536.00</u> |
| Total current assets | | <u>195,184,384.16</u> | <u>181,970,080.34</u> |
| Fixed assets | | | |
| Original carrying amount | | 12,044,448.22 | 11,963,730.22 |
| Less: Accumulated depreciation | | <u>(8,497,152.84)</u> | <u>(6,210,632.73)</u> |
| Net carrying amount of fixed assets | 9 | 3,547,295.38 | 5,753,097.49 |
| Long-term deferred expenses | 10 | <u>1,445,187.00</u> | <u>628,567.00</u> |
| Total assets | | <u>200,176,866.54</u> | <u>188,351,744.83</u> |

The notes on pages 9 to 19 form part of these financial statements.

HCL Technologies (Shanghai) Limited
Balance sheet as at 31 December 2020 (continued)
(Expressed in Renminbi Yuan)

| | Note | 2020 | 2019 |
|--------------------------------------|------|----------------|----------------|
| Liabilities and owner's equity | | | |
| Current liabilities | | | |
| Accounts payable | | 117,654,946.35 | 112,434,704.24 |
| Receipt in advance | | 3,207,366.26 | 372,466.74 |
| Accrued payroll | | 6,275,135.92 | 5,470,392.38 |
| Taxes payable | 4(c) | 762,399.23 | 2,212,935.40 |
| Other payables | | - | 3,865,704.07 |
| Accrued expenses | | 768,196.46 | 6,635,488.00 |
| Total current liabilities | | 128,668,044.22 | 130,991,690.83 |
| Total liabilities | | 128,668,044.22 | 130,991,690.83 |
| Owner's equity | | | |
| Paid-in capital | 11 | 15,316,566.95 | 15,316,566.95 |
| Surplus reserve | 12 | 5,619,226.22 | 4,204,349.39 |
| Retained earnings | 13 | 50,573,029.15 | 37,839,137.66 |
| Total owner's equity | | 71,508,822.32 | 57,360,054.00 |
| Total liabilities and owner's equity | | 200,176,866.54 | 188,351,744.83 |

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



Aggarwal Prateek
Legal Representative

(Signature and stamp)

毛莉莉

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



(Company stamp)

Date:

14 MAY 2021

The notes on pages 9 to 19 form part of these financial statements.

HCL Technologies (Shanghai) Limited
Income and profit appropriation statement
for the year ended 31 December 2020
(Expressed in Renminbi Yuan)

| | Note | 2020 | 2019 |
|---|------|-----------------------------|----------------------------|
| Sales from principal activities | 14 | 119,169,608.61 | 156,296,297.64 |
| Less: Cost of sales from principal activities | | (96,941,128.83) | (128,054,549.12) |
| Business taxes and surcharges from principal activities | 4(a) | <u>(1,654,399.05)</u> | <u>(175,903.73)</u> |
| Profit from principal activities | | 20,574,080.73 | 28,065,844.79 |
| Less: Operating expenses | | (430,185.31) | (3,690,974.17) |
| General and administrative expenses | | (8,520,503.29) | (10,082,709.85) |
| Financial income/(expenses) | 15 | <u>4,606,475.10</u> | <u>(2,971,719.19)</u> |
| Operating profit | | 16,229,867.23 | 11,320,441.58 |
| Add: Subsidy income | | <u>1,246,855.03</u> | <u>-</u> |
| Profit before income tax | | 17,476,722.26 | 11,320,441.58 |
| Less: Income tax | 4(b) | <u>(3,327,953.94)</u> | <u>(3,933,079.54)</u> |
| Net profit for the year | | <u><u>14,148,768.32</u></u> | <u><u>7,387,362.04</u></u> |

The notes on pages 9 to 19 form part of these financial statements.

HCL Technologies (Shanghai) Limited
Income and profit appropriation statement
for the year ended 31 December 2020 (continued)
(Expressed in Renminbi Yuan)

| | Note | 2020 | 2019 |
|---|------|-----------------------------|-----------------------------|
| Net profit for the year | | 14,148,768.32 | 7,387,362.04 |
| Add: Retained earnings at the beginning of the year | | <u>37,839,137.66</u> | <u>31,190,512.52</u> |
| Profits available for distribution | | 51,987,905.98 | 38,577,874.56 |
| Less: Statutory surplus reserve | 13 | <u>(1,414,876.83)</u> | <u>(738,736.90)</u> |
| Retained earnings at the end of the year | | <u><u>50,573,029.15</u></u> | <u><u>37,839,137.66</u></u> |

The notes on pages 9 to 19 form part of these financial statements.

HCL Technologies (Shanghai) Limited
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 | | 105,537,445.72 | 123,916,834.56 |
| Refund of taxes | | 110,368.80 | 192,276.44 |
| Cash received relating to other operating activities | | <u>12,910,494.55</u> | <u>1,607,834.13</u> |
| Sub-total of cash inflows | | <u>118,558,309.07</u> | <u>125,716,945.13</u> |
| Cash paid for services | | 11,292,112.89 | 13,859,098.01 |
| Cash paid to and for employees | | 90,428,537.94 | 85,145,152.55 |
| Cash paid for all types of taxes | | 7,749,184.00 | 7,840,421.49 |
| Cash paid relating to other operating activities | | <u>5,456,696.78</u> | <u>19,450,297.10</u> |
| Sub-total of cash outflows | | <u>114,926,531.61</u> | <u>126,294,969.15</u> |
| Net cash inflow / (outflow) from operating activities | i | <u>3,631,777.46</u> | <u>(578,024.02)</u> |

The notes on pages 9 to 19 form part of these financial statements.

HCL Technologies (Shanghai) Limited
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: | | | |
| Cash received from Interest income | | <u>1,413,719.29</u> | <u>-</u> |
| Sub-total of cash inflows | | <u>1,413,719.29</u> | <u>-</u> |
| Cash paid for acquisition of fixed assets, intangible assets and other long-term assets | | <u>5,062,674.59</u> | <u>2,207,353.20</u> |
| Sub-total of cash outflows | | <u>5,062,674.59</u> | <u>2,207,353.20</u> |
| Net cash outflow from investing activities | | <u>(3,648,955.30)</u> | <u>(2,207,353.20)</u> |
| Effect of foreign exchange rate changes on cash and cash equivalents | | <u>-</u> | <u>586,276.15</u> |
| Net decrease in cash and cash equivalents | ii | <u>(17,177.84)</u> | <u>(2,199,101.07)</u> |

The notes on pages 9 to 19 form part of these financial statements.

HCL Technologies (Shanghai) Limited
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 | 14,148,768.32 | 7,387,362.04 |
| Add: (Reversal of provision for)/provision for impairment of assets | (1,294,823.04) | 763,843.16 |
| Depreciation of fixed assets | 2,286,520.11 | 1,865,235.01 |
| Amortisation of long-term deferred expenses | 3,582,905.00 | 1,079,081.45 |
| Increase in deferred expenses | (626,761.05) | (366,232.81) |
| (Decrease)/increase in accrued expenses | (5,867,291.54) | 2,596,353.69 |
| Net financial income | (962,099.71) | (1,486,662.86) |
| Increase in gross operating receivables | (11,761,517.15) | (45,000,159.08) |
| Increase in operating payables | <u>4,126,076.52</u> | <u>32,583,155.38</u> |
| Net cash inflow / (outflow) from operating activities | <u>3,631,777.46</u> | <u>(578,024.02)</u> |

The notes on pages 9 to 19 form part of these financial statements.

HCL Technologies (Shanghai) Limited
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 decrease in cash and cash equivalents</i> | | |
| Cash and cash equivalents at the end of the year | 42,765,883.10 | 42,783,060.94 |
| Less: Cash and cash equivalents at the beginning of the year | <u>42,783,060.94</u> | <u>44,982,162.01</u> |
| Net decrease in cash and cash equivalents | <u>(17,177.84)</u> | <u>(2,199,101.07)</u> |

The notes on pages 9 to 19 form part of these financial statements.

HCL Technologies (Shanghai) Limited
Notes to the financial statements
(Expressed in Renminbi Yuan)

1 Company status

HCL Technologies (Shanghai) Limited ("the Company") is a limited company solely established by HCL TECHNOLOGIES LIMITED on 18 July 2007 upon approval by People's Government of Shanghai. The registered capital of the Company is USD 2,200,000. The aforesaid registered capital has been verified by Shanghai Linxin Accountants Limited with capital verification report Linkuai Fa No. (2009) 575 on 6 May 2009.

The Company obtained business license numbered 91310115664306168R. Its legal representative is PARTEEK AGGARWAL and the operation period is 20 years. Its legal registration address is Room 301, 2 Building, 399 Shengxia Road, Pudong New Area, Shanghai.

The Company is primarily engaged in the following business: Computer software development; design, production, sale of products, debugging and maintenance of system integration; relevant technical consulting, technical service; business consulting, enterprise management consulting (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) 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.

(f) 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.

(g) Investments

Designated loans receivable

Designated loans receivable refer to the funds lent by the Company through financial institutions to designated borrowers with uses, amounts, terms, interest rates, etc., designated by the Company. The financial institution assists the Company to release the funds and collect the repayments on behalf of the Company.

Designated loans receivable are initially recorded at cost, which is the total amount paid, including relevant expenses such as bank charges.

Interest income arising from designated loans receivable is calculated at the applicable rate on a time proportion basis and recognised in the income statement. Accrual of interest on designated loans receivable ceases when the interest is in default at the due date, and the interest previously accrued is reversed immediately in the income statement.

The Company makes provision for impairment losses on designated loans receivable (see Note 3(j)). Designated loans receivable are stated in the balance sheet net of impairment losses. Among the designated loans receivable, loans with a period equal to or less than one year are classified under short-term investments.

(h) Fixed assets

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

Fixed assets are depreciated using the straight-line method over their estimated useful lives. The respective 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 | 5 years | 0% | 20% |
| Electronic equipment | 3 - 5 years | 0% | 20% - 33% |

(h) 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:

| | |
|---|-------------|
| Expenses occurred before go alive (Training, labor, travel expense) | 3 - 5 years |
|---|-------------|

(j) Provision for impairment

The carrying amounts of assets (including fixed assets 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.

(k) 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.

(l) 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) 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.

(ii) Interest income

Interest income is recognised on a time proportion basis with reference to the principal outstanding and the applicable rate.

(iii) Subsidy income

Subsidy income is recognised in the income statement upon receipt of the subsidy.

(m) 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 surcharge etc.

| <u>Tax name</u> | <u>Tax basis and applicable rate</u> |
|--|--|
| 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 | 1% 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 urban maintenance, construction tax and education fee surcharge etc.

(b) Income tax

Income tax in the income statement represents:

| | <u>2020</u> | <u>2019</u> |
|--|---------------------|---------------------|
| Provision for income tax for the year | 3,926,407.48 | 4,548,176.41 |
| Over provision for income tax in respect of preceding year | <u>(598,453.54)</u> | <u>(615,096.87)</u> |
| Total | <u>3,327,953.94</u> | <u>3,933,079.54</u> |

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) Taxes payable

| | <u>2020</u> | <u>2019</u> |
|-------------|-------------------|---------------------|
| VAT payable | 465,050.47 | 138,042.28 |
| Income tax | <u>297,348.76</u> | <u>2,074,893.12</u> |
| Total | <u>762,399.23</u> | <u>2,212,935.40</u> |

5 Cash at bank and on hand

| | 2020 | 2019 |
|-----------------|----------------------|----------------------|
| Demand deposits | <u>42,765,883.10</u> | <u>42,783,060.94</u> |

6 Short-term investments

| | |
|--|---|
| | <i>At the beginning and the end of the year</i> |
| Debt investments - Designated loans | <u>18,000,000.00</u> |

7 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 | 76,903,106.28 | 62.22% | - | 96,824,887.48 | 91.89% | - |
| After 1 year but within 2 years | 43,188,889.37 | 34.95% | 22,635.96 | 8,547,355.62 | 8.11% | 2,219,807.19 |
| After 2 years | <u>3,498,146.92</u> | <u>2.83%</u> | <u>902,348.19</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total | <u>123,590,142.57</u> | <u>100.00%</u> | <u>924,984.15</u> | <u>105,372,243.10</u> | <u>100.00%</u> | <u>2,219,807.19</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 | 2,219,807.19 | 1,455,964.03 |
| Add: Charge for the year | - | 763,843.16 |
| Less: Reversal during the year | <u>(1,294,823.04)</u> | <u>-</u> |
| Closing balance as at 31 December | <u>924,984.15</u> | <u>2,219,807.19</u> |

8 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 | 823,568.11 | 36.65% | - | 13,841,733.66 | 98.72% | - |
| After 1 year but within 2 years | 1,043,996.69 | 46.46% | - | 179,338.54 | 1.28% | - |
| After 2 years but within 3 years | 379,499.08 | 16.89% | - | - | - | - |
| Total | <u>2,247,063.88</u> | <u>100.00%</u> | <u>-</u> | <u>14,021,072.20</u> | <u>100.00%</u> | <u>-</u> |

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

9 Fixed assets

| | Office equipment | Electronic equipment | Total |
|--------------------------|---------------------|-------------------------|-----------------------|
| Cost | | | |
| As at 1 January 2020 | 414,760.45 | 11,548,969.77 | 11,963,730.22 |
| Additions | <u>24,631.70</u> | <u>56,086.30</u> | <u>80,718.00</u> |
| As at 31 December 2020 | <u>439,392.15</u> | <u>11,605,056.07</u> | <u>12,044,448.22</u> |
| Accumulated depreciation | | | |
| As at 1 January 2020 | (233,696.73) | (5,976,936.00) | (6,210,632.73) |
| Charge for the year | <u>(98,703.16)</u> | <u>(2,187,816.95)</u> | <u>(2,286,520.11)</u> |
| As at 31 December 2020 | <u>(332,399.89)</u> | <u>(8,164,752.95)</u> | <u>(8,497,152.84)</u> |
| Carrying amount | | | |
| As at 31 December 2020 | <u>106,992.26</u> | <u>3,440,303.12</u> | <u>3,547,295.38</u> |
| As at 31 December 2019 | <u>181,063.72</u> | <u>5,572,033.77</u> | <u>5,753,097.49</u> |

10 Long-term deferred expenses

| | Expenses occurred before go alive (Training, labor, travel expense) |
|--|--|
| As at 1 January 2020 | 628,567.00 |
| Additions during the year | 4,399,525.00 |
| Decrease during the year - Amortisation | <u>(3,582,905.00)</u> |
| As at 31 December 2020 | <u>1,445,187.00</u> |

11 Paid-in capital

Registered capital and paid-in capital

| 2020 and 2019 | | |
|---------------------------------------|--------------------------------|-----|
| Amount in original currency RMB | Amount in RMB equivalent | % |
| HCL Technologies Ltd. | 15,316,566.95 | 100 |

12 Surplus reserve

| | Note | Statutory surplus reserve |
|------------------------|------|------------------------------|
| As at 1 January 2020 | | 4,204,349.39 |
| Profit appropriation | 13 | 1,414,876.83 |
| As at 31 December 2020 | | 5,619,226.22 |

13 Profit appropriation

Appropriation to surplus reserve

In accordance with the "Regulations on the Implementation of the Law on Foreign-funded Enterprise", the Company made appropriations to the following funds:

Statutory surplus reserve 10%

14 Sales from principal activities

| | 2020 | 2019 |
|-----------------------|----------------|----------------|
| Rendering of services | 119,169,608.61 | 156,296,297.64 |

15 Financial (income)/expenses

| | 2020 | 2019 |
|-----------------------------|----------------|----------------|
| Interest income | (962,099.71) | (1,018,447.92) |
| Net exchange (gains)/losses | (3,666,085.90) | 3,953,292.51 |
| Others | 21,710.51 | 36,874.60 |
| Total | (4,606,475.10) | 2,971,719.19 |

16 Related party relationships and transactions

(a) Related party with controlling relationship

| | Registered address | Relationship with the Company |
|-----------------------|--------------------|-------------------------------|
| HCL Technologies Ltd. | India | 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 Ltd. | 57,360,054.00 | 100% | 14,148,768.32 | 100% | 71,508,822.32 | 100% |

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

| Name of the enterprise | Relationship with the Company |
|--|-------------------------------|
| HCL Axon Solutions (Shanghai) Co. Ltd. | A fellow subsidiary |
| Filial Espanola De HCL Technoloiges S.L. | 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 Arabia LLC | A fellow subsidiary |
| HCL Argentina s.a. | A fellow subsidiary |
| HCL Asia Pacific Pte. Limited | A fellow subsidiary |
| 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 Latin America Holding LLC | 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 - Swiss Branch | A fellow subsidiary |

| <i>Name of the enterprise</i> | <i>Relationship with the Company</i> |
|--|--------------------------------------|
| HCL Technologies Limited - Ireland Branch | A fellow subsidiary |
| HCL Technologies (PTY) 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 Italy S.P.A. | A fellow subsidiary |
| HCL Technologies Limited - Finland Branch | A fellow subsidiary |
| HCL Technologies Limited - Israel 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 - Mainland Dubai Branch | A fellow subsidiary |
| HCL Technologies Middle East FZ-LLC | A fellow subsidiary |
| HCL Technologies Norway AS | A fellow subsidiary |
| HCL Technologies Philippines, Inc | A fellow subsidiary |
| HCL Technologies Romania s.r.l. | 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 Limited - Russia Branch | 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 |
|-----------------------|----------------|---------------|
| Rendering of services | 103,101,608.31 | 92,197,046.36 |
| Receiving services | 9,990,259.11 | 35,286,272.55 |
| Interest income | 902,465.77 | 900,000.02 |

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

| | 2020 | 2019 |
|------------------------|----------------|----------------|
| Accounts receivable | 104,703,800.68 | 75,445,802.45 |
| Other receivables | 2,285,257.33 | 13,938,250.66 |
| Accounts payable | 100,343,370.54 | 110,176,774.43 |
| Other payables | - | 3,865,704.07 |
| Short-term investments | 18,000,000.00 | 18,000,000.00 |
| Interest receivable | 826,027.41 | 1,277,260.30 |