

**HCL Technologies (Beijing) Limited**

**Audited Financial Statements**

**31 December 2018**

**Important Notice**

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



## HCL Technologies (Beijing) Limited

---

### Index

	<b>Pages</b>
AUDITOR'S REPORT	1 – 3
AUDITED FINANCIAL STATEMENTS	
Balance Sheet	4 – 5
Income Statement	6
Statement of Cash Flows	7– 8
Statement of Changes in Equity	9
Notes to Financial Statements	10 – 22





Ernst & Young Hua Ming LLP  
Shanghai Branch  
50/F, Shanghai World Financial Center  
100 Century Avenue  
Pudong New Area  
Shanghai, China 200120

安永华明会计师事务所·特殊普通合伙·  
上海分所  
中国上海市浦东新区世纪大道100号  
上海环球金融中心50楼  
邮政编码: 200120

Tei 电话: +86 21 2228 8888  
Fax 传真: +86 21 2228 0000  
ey.com

## Auditor's report

Ernst & Young Hua Ming (2019) Shen Zi No. 61287811\_B02  
HCL Technologies (Beijing) Limited

**To the Board of Directors of HCL Technologies (Beijing) Limited:**

### (I) Opinion

We have audited the financial statements of HCL Technologies (Beijing) Limited (the "Company"), which comprise the balance sheet as at 31 December 2018, and the income statement, the statement of changes in equity and the statement of cash flows 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 2018, 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.

This branch has been authorized by Ernst & Young Hua Ming LLP





## Auditor's report (continued)

Ernst & Young Hua Ming (2019) Shen Zi No. 61287811\_B02  
HCL Technologies (Beijing) Limited

### (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 (2019) Shen Zi No. 61287811\_B02  
HCL Technologies (Beijing) Limited

**(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

20 May 2019



HCL Technologies (Beijing) Limited  
 BALANCE SHEET  
 31 December 2018  
 (Expressed in Renminbi Yuan)



	<u>Notes</u>	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash	3	11,557,617.61	8,713,282.71
Accounts receivable	4	25,535,808.77	20,478,755.41
Other receivables	5	1,495,815.00	696,818.68
Prepaid expenses		<u>736,182.00</u>	<u>245,784.63</u>
<b>Total current assets</b>		<u>39,325,423.38</u>	<u>30,134,641.43</u>
<b>Non-current assets:</b>			
Fixed assets cost	6	574,590.65	464,782.82
Less: Accumulated depreciation	6	141,419.54	127,642.86
Fixed assets, net	6	433,171.11	337,139.96
Long-term deferred expenses	7	<u>5,259,166.54</u>	<u>-</u>
<b>Total non-current assets</b>		<u>5,692,337.65</u>	<u>337,139.96</u>
<b>TOTAL ASSETS</b>		<u>45,017,761.03</u>	<u>30,471,781.39</u>

*The notes on pages 10 to 22 form an integral part of these financial statements.*

HCL Technologies (Beijing) Limited  
**BALANCE SHEET (continued)**  
 31 December 2018  
 (Expressed in Renminbi Yuan)



	<u>Notes</u>	<u>2018</u>	<u>2017</u>
<b>LIABILITIES AND OWNERS' EQUITY</b>			
<b>Current liabilities:</b>			
Short-term loan		18,000,000.00	18,000,000.00
Accounts payable		8,238,052.36	159,682.97
Accrued payroll		3,100,493.22	407,527.62
Interest payable		377,260.28	741,095.89
Tax payable	8	1,686,606.62	1,144,886.30
Other payables		1,261,800.79	1,150,462.23
Accrued expenses		<u>1,092,745.97</u>	<u>850,219.66</u>
<b>Total current liabilities</b>		<u>33,756,959.24</u>	<u>22,453,874.67</u>
<b>Total liabilities</b>		<u>33,756,959.24</u>	<u>22,453,874.67</u>
<b>Owners' equity:</b>			
Share capital	9	6,320,924.80	6,320,924.80
Surplus reserves	10	481,814.85	157,525.34
Retained earnings		<u>4,458,062.14</u>	<u>1,539,456.58</u>
<b>Total owners' equity</b>		<u>11,260,801.79</u>	<u>8,017,906.72</u>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<u>45,017,761.03</u>	<u>30,471,781.39</u>

The notes on pages 10 to 22 form an integral part of these financial statements.

The financial statements on pages 4 to 22 have been signed by:

Legal representative:

Financial manager:

HCL Technologies (Beijing) Limited  
**INCOME STATEMENT**  
For the Year Ended 31 December 2018  
(Expressed in Renminbi Yuan)



	<u>Notes</u>	<u>2018</u>	<u>2017</u>
Revenue from principal operations	11	59,925,486.62	18,836,788.53
Less: Cost of sales		40,953,213.46	12,994,066.92
Sales expenses		559,858.82	4,816.50
General and administrative expenses		12,232,183.86	3,102,732.57
Financial expenses	12	<u>1,101,736.88</u>	<u>942,529.62</u>
<b>Operating profit</b>		<u>5,078,493.60</u>	<u>1,792,642.92</u>
<b>Total profit</b>		5,078,493.60	1,792,642.92
Less: Income tax	13	<u>1,835,598.53</u>	<u>676,818.92</u>
<b>Net profit</b>		<u><u>3,242,895.07</u></u>	<u><u>1,115,824.00</u></u>

*The notes on pages 10 to 22 form an integral part of these financial statements.*

HCL Technologies (Beijing) Limited  
**STATEMENT OF CASH FLOWS**  
For the Year Ended 31 December 2018  
(Expressed in Renminbi Yuan)



	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from sale of goods/service render	56,012,999.95	3,911,757.24
Cash received relating to other operating activities	<u>18,697.23</u>	<u>11,751.34</u>
<b>Sub-total of cash inflows</b>	<u>56,031,697.18</u>	<u>3,923,508.58</u>
Cash paid to and on behalf of employees	36,714,210.15	8,605,912.19
Cash paid to tax	1,626,804.04	446,551.54
Cash paid relating to other operating activities	<u>13,256,622.12</u>	<u>5,148,290.84</u>
<b>Sub-total of cash outflows</b>	<u>51,597,636.31</u>	<u>14,200,754.56</u>
<b>Net cash flows from operating activities</b> (1)	<u>4,434,060.87</u>	<u>(10,277,245.98)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
<b>Sub-total of cash inflows</b>	<u>-</u>	<u>-</u>
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	<u>109,807.83</u>	<u>382,315.64</u>
<b>Sub-total of cash outflows</b>	<u>109,807.83</u>	<u>382,315.64</u>
<b>Net cash flows from investing activities</b>	<u>(109,807.83)</u>	<u>(382,315.64)</u>

*The notes on pages 10 to 22 form an integral part of these financial statements.*

HCL Technologies (Beijing) Limited  
**STATEMENT OF CASH FLOWS (continued)**  
For the Year Ended 31 December 2018  
(Expressed in Renminbi Yuan)



	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Cash received from borrowings	-	10,000,000.00
<b>Sub-total of cash inflows</b>	-	10,000,000.00
Cash paid for distribution of dividends or profits and for interest expenses	1,263,835.63	-
<b>Sub-total of cash outflows</b>	1,263,835.63	-
<b>Net cash flows from financing activities</b>	(1,263,835.63)	10,000,000.00
<b>EFFECT OF CHANGES IN EXCHANGE RATE ON CASH</b>	(216,082.51)	(330,427.71)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>2,844,334.90</u>	<u>(989,989.33)</u>

Supplementary Notes

	<u>2018</u>	<u>2017</u>
<b>1. Reconciliation of net profit to cash flows from operating activities</b>		
Net profit	3,242,895.07	1,115,824.00
Add: Depreciation of fixed assets	13,766.68	126,915.79
Amortisation of long-term deferred expenses	1,860,785.96	365,187.00
Increase in prepaid expenses	-	302,481.65
Increase in accrued expenses	242,526.31	607,480.22
Financial expenses	1,116,082.53	950,975.65
Increase in operating receivables	(6,346,447.05)	(15,423,824.47)
Increase in operating payables	4,304,441.37	1,677,714.18
<b>Net cash flows from operating Activities</b>	<u>4,434,060.87</u>	<u>(10,277,245.98)</u>
<b>2. Net increase in cash and cash equivalents</b>		
Cash at end of year	11,557,617.61	8,713,282.71
Less: Cash at beginning of year	8,713,282.71	9,703,272.04
<b>Net increase in cash and cash equivalents</b>	<u>2,844,334.90</u>	<u>(989,989.33)</u>

The notes on pages 10 to 22 form an integral part of these financial statements.

HCL Technologies (Beijing) Limited  
**STATEMENT OF CHANGES IN EQUITY**  
For the Year Ended 31 December 2018  
(Expressed in Renminbi Yuan)

	<u>2018</u>	<u>2017</u>
<b>PAID-IN CAPITAL:</b>		
At beginning and end of year	<u>6,320,924.80</u>	<u>6,320,924.80</u>
<b><u>SURPLUS RESERVES</u></b>		
At beginning and end of year	157,525.34	45,942.94
Increased in current year	<u>324,289.51</u>	<u>111,582.40</u>
At end of year	<u>481,814.85</u>	<u>157,525.34</u>
<b>RETAINED EARNINGS:</b>		
At beginning of year	1,539,456.58	535,214.98
Net profit for the year	3,242,895.07	1,115,824.00
Appropriation to surplus reserves	<u>(324,289.51)</u>	<u>(111,582.40)</u>
At end of year	<u>4,458,062.14</u>	<u>1,539,456.58</u>

*The notes on pages 10 to 22 form an integral part of these financial statements.*

HCL Technologies (Beijing) Limited  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended 31 December 2018  
(Expressed in Renminbi Yuan)

---

1. **Corporate information**

HCL Technologies (Beijing) Limited ("the Company") is a limited company solely established by HCL TECHNOLOGIES UK LIMITED on 21 January 2015 upon approval by People's Government of Beijing with file No.(2015)05033.It obtained business license numbered 911101053295278019 (People's Republic of China enterprise legal person business license) provided by Beijing Administration for Industry and Commerce on 6 Feb. 2015

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, relevant implementation guidance and interpretations.

**Accounting system**

The Company adopts the 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 RMB Yuan.

**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**

The foreign currency transactions are recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate released from Bank of China at the transaction dates.

2. **Significant accounting policies and estimates (continued)**

**Foreign currency transactions(continued)**

At the balance sheet date, foreign currency monetary items are translated using the spot exchange rate at the balance sheet date. All the settlement differences and translated differences of monetary items are recognized in profit and loss for the reporting period, except for those generated from foreign currency bank loans specifically for purchase or construction of capitalized assets. Non-monetary foreign currency items measured at historical cost are translated at the spot exchange rate 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.

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.

**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:

HCL Technologies (Beijing) Limited  
 NOTES TO FINANCIAL STATEMENTS (continued)  
 For the Year Ended 31 December 2018  
 (Expressed in Renminbi Yuan)

---

2. Significant accounting policies and estimates (continued)

**Fixed assets** (continued)

<u>Category</u>	<u>Estimated useful life</u>	<u>Estimated residual value</u>	<u>Annual depreciation rate</u>
Electronic equipment	3-5years	0-10%	18%-33%

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.

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>
Information service fee	5 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; and
- 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.

HCL Technologies (Beijing) Limited  
 NOTES TO FINANCIAL STATEMENTS (continued)  
 For the Year Ended 31 December 2018  
 (Expressed in Renminbi Yuan)

2. Significant accounting policies and estimates (continued)

**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.

**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.

**Related party**

In financial and operating decisions, if a party has the power to control, jointly control or exercise significant influence over another party, they are regarded as related parties. Two or more parties are also regarded as related parties if they are subject to control, joint control or significant influence from the same party.

3. Cash

	2018	2017
Cash in bank	<u>11,557,617.61</u>	<u>8,713,282.71</u>

4. Accounts receivable

	2018	2017
Accounts receivable	<u>25,535,808.77</u>	<u>20,478,755.41</u>

The ageing analysis is as below:

	2018			2017		
	Balance	%	Bad debt Provision	Balance	%	Bad debt provision
Within 1 year	<u>25,535,808.77</u>	<u>100</u>	-	<u>20,478,755.41</u>	<u>100</u>	-

Management of the Company is of the opinion that no bad debt provision for accounts receivable was necessary at the balance sheet date.

HCL Technologies (Beijing) Limited  
 NOTES TO FINANCIAL STATEMENTS (continued)  
 For the Year Ended 31 December 2018  
 (Expressed in Renminbi Yuan)

5. Other receivables

	2018	2017
Other receivables	<u>1,495,815.00</u>	<u>696,818.68</u>

6. Fixed assets

Electronic Equipments		
	2018	2017
Cost		
Opening Balance	464,782.82	82,467.18
Additions	109,807.83	382,315.64
Disposals	<u>-</u>	<u>-</u>
Closing balance	<u>574,590.65</u>	<u>464,782.82</u>
Accumulated depreciation		
Opening balance	127,642.86	727.07
Charge for the year	<u>13,776.68</u>	<u>126,915.79</u>
Closing balance	<u>141,419.54</u>	<u>127,642.86</u>
Net book value		
Closing Balance	<u>433,171.11</u>	<u>337,139.96</u>
Opening Balance	<u>337,139.96</u>	<u>81,740.11</u>

7. Long-term prepayments

	2018	2017
<u>Information service fee</u>		
Opening balance	-	365,187.00
Additions	7,119,952.50	-
Amortisation	<u>1,860,785.96</u>	<u>365,187.00</u>
Closing balance	<u>5,259,166.54</u>	<u>-</u>

HCL Technologies (Beijing) Limited  
 NOTES TO FINANCIAL STATEMENTS (continued)  
 For the Year Ended 31 December 2018  
 (Expressed in Renminbi Yuan)

8. Taxes payable

	2018	2017
Value added tax	988,594.49	468,067.38
Income tax	<u>698,012.13</u>	<u>676,818.92</u>
	<u>1,686,606.62</u>	<u>1,144,886.30</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 6%. VAT is levied at 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 preservation and development tax - It is levied at 7% on the turnover taxes paid.
- (3) Education surtax - It is levied at 3% on the turnover taxes paid. Local education surtax is levied at 2% on the turnover taxes paid.
- (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) Income tax - The company is applicable for statutory tax rate of 25%.

9. Paid-in capital

Registered:

	<u>2018</u>		<u>2017</u>	
	USD	%	USD	%
HCL TECHNOLOGIES UK LIMITED	<u>992,000.00</u>	<u>100.00</u>	<u>992,000.00</u>	<u>100.00</u>

HCL Technologies (Beijing) Limited  
 NOTES TO FINANCIAL STATEMENTS (continued)  
 For the Year Ended 31 December 2018  
 (Expressed in Renminbi Yuan)

9. Paid-in capital (continued)

Paid in:

	2018		2017	
	USD	RMB	USD	RMB
HCL TECHNOLOGIES UK LIMITED	<u>992,000.00</u>	<u>6,320,924.80</u>	<u>992,000.00</u>	<u>6,320,924.80</u>

The paid in capital above has been verified by Ernst & Young, and issued Ernst Young (2016) Inspection No. 61287811\_B01 on 31 August 2016.

10. Surplus reserve

2018	Opening Balance	Additions	Decrease	Closing Balance
Surplus reserve	<u>157,525.34</u>	<u>324,289.51</u>	-	<u>481,814.85</u>

According to the provisions of Company Law and the Company's articles of association, the Company appropriates statutory surplus reserve at 10% of the net profit. Where the accumulated amount of surplus reserve reaches 50% or more of the company's registered capital, additional appropriation is not needed.

11. Revenue from principal operations

	2018	2017
Rendering of services	<u>59,925,486.62</u>	<u>18,836,788.53</u>

12. Financial expenses

	2018	2017
Interest gain	(18,697.23)	(11,751.34)
Interest expense	900,000.02	620,547.95
Exchange loss	216,082.51	330,427.71
Others	<u>4,351.58</u>	<u>3,305.30</u>
	<u>1,101,736.88</u>	<u>942,529.62</u>

13. Income tax

	2018	2017
Income tax for the year	<u>1,835,598.53</u>	<u>676,818.92</u>

**HCL Technologies (Beijing) Limited**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**For the Year Ended 31 December 2018**  
**(Expressed in Renminbi Yuan)**

**13. Income tax (continued)**

As stated in Note 8 (5), the Company is subject to a corporate income tax rate of 25% for the year in accordance with PRC relevant tax laws implemented on 1 January, 2008.

**14. Related party relationships and transactions**

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

<u>Parent Company</u>	<u>Registered Country</u>	<u>Equity interest held and its changes during the year</u>
HCL Technologies UK Limited	UK	100%
<u>Ultimate Controlling Company</u>	<u>Registered Country</u>	<u>Equity interest held and its changes during the year</u>
HCL Technologies Ltd.	India	100%
<u>Name of related party</u>	<u>Relationship</u>	
HCL Axon Solutions (Shanghai) Co., Ltd.	Controlled by the ultimate controlling company	
HCL Technologies (Shanghai) Limited	Controlled by the ultimate controlling company	
HCL ARGENTINA S.A.	Controlled by the ultimate controlling company	
PT. HCL Technologies Indonesia	Controlled by the ultimate controlling company	
HCL Great Britain Limited	Controlled by the ultimate controlling company	
HCL Hungary Korlátolt Felelősségű Társaság (Kft.)	Controlled by the ultimate controlling company	
HCL Technologies Limited (IOMC) Infra Division	Controlled by the ultimate controlling company	
HCL Technologies B.V.	Controlled by the ultimate controlling company	
HCL Technologies Belgium BVBA	Controlled by the ultimate controlling company	
HCL Technologies (Thailand) Ltd.	Controlled by the ultimate controlling company	
HCL Canada Inc.	Controlled by the ultimate controlling company	
HCL Technologies Austria GmbH	Controlled by the ultimate controlling company	
HCL Technologies Sweden AB	Controlled by the ultimate controlling company	
HCL Technologies Czech Republic s.r.o.	Controlled by the ultimate controlling company	
HCL Australia Services Pty. Limited	Controlled by the ultimate controlling company	
HCL Technologies Italy S.p.A.	Controlled by the ultimate controlling company	
HCL Technologies Chile SPA	Controlled by the ultimate controlling company	
HCL Technologies Ltd. Romania s.r.l.	Controlled by the ultimate controlling company	
HCL Technologies France	Controlled by the ultimate controlling company	
HCL Technologies UK Limited.	Controlled by the ultimate controlling company	
HCL Tech Singapore Pte. Limited	Controlled by the ultimate controlling company	
HCL Technologies México S de RL de CV	Controlled by the ultimate controlling company	

**HCL Technologies (Beijing) Limited**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**For the Year Ended 31 December 2018**  
**(Expressed in Renminbi Yuan)**

**14. Related party relationships and transactions (continued)**

<u>Name of related party(continued)</u>	<u>Relationship</u>
HCLTechnologies Sweden (IOMC)	Controlled by the ultimate controlling company
HCL America Inc.	Controlled by the ultimate controlling company
HCL Axon (Pty) Limited	Controlled by the ultimate controlling company
FILIAL ESPAÑOLA DE HCL TECHNOLOGIES, S.L.	Controlled by the ultimate controlling company
HCL Technologies Limited -Swiss Branch	Controlled by the ultimate controlling company
HCL Japan Limited	Controlled by the ultimate controlling company
HCL Poland Sp.z.o.o.	Controlled by the ultimate controlling company
HCL Hong Kong SAR Limited	Controlled by the ultimate controlling company

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

(1) Sales and purchases	2018	2017
Sales of goods and services		
HCL Axon Solutions (Shanghai) Co., Ltd.	18,255,683.47	16,442,949.00
HCL Technologies (Shanghai) Limited	699,266.60	546.00
HCL ARGENTINA S.A.	-	22,603.18
HCL Hungary Korlátolt Felelősségű Társaság (Kft.)	-	165,107.92
HCL Technologies Limited	33,936,454.00	4,522,453.00
HCL Technologies B.V.	2,442,939.59	588,097.00
HCL Technologies Belgium BVBA	-	480,870.00
HCL Technologies (Thailand) Ltd.	448,508.28	324,548.00
HCL Canada Inc.	-	244,504.00
HCL Technologies Austria GmbH	-	208,563.74
HCL Technologies México SdeRLde CV	858,226.56	199,518.00
HCL Technologies Sweden AB	117,286.07	199,723.00
HCL Technologies Czech Republic s.r.o.	-	166,805.66
HCL Australia Services Pty. Limited	83,192.03	82,395.00
HCL Technologies Italy S.p.A.	194,820.00	67,789.00
HCL Technologies Chile SPA	69,939.28	45,465.00
HCL Technologies Ltd. Romania s.r.l.	-	18,767.21
HCL Technologies France	14,986.03	-
HCL America Inc.	1,488,897.68	-
HCL Axon (Pty) Limited	127,981.17	-

**HCL Technologies (Beijing) Limited**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**For the Year Ended 31 December 2018**  
**(Expressed in Renminbi Yuan)**

**14. Related party relationships and transactions (continued)**

(1) Sales and purchases(continued)

	2018	2017
Sales of goods and services		
FILIAL ESPAÑOLA DE HCL TECHNOLOGIES, S.L.	727,049.00	-
HCL Technologies Limited-Swiss Branch	20,272.21	-
HCL Technologies UK Limited	54,134.00	-
HCL Japan Limited	144,481.65	-
HCL Hong Kong SAR Limited	75,987.00	-
HCL Singapore Pte. Limited.	<u>165,382.00</u>	<u>-</u>
	<u>59,925,486.62</u>	<u>23,780,704.71</u>
	2018	2017
Purchases of goods and services		
HCL Poland Sp.z.o.o.	248,274.42	-
HCL Australia Services Pty. Limited	405,706.98	-
HCL Singapore Pte. Limited	<u>23,106.57</u>	<u>-</u>
	<u>677,087.97</u>	<u>-</u>

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

(2) Amounts due from/to related parties

Account	Name	2018	2017
Account Receivables	HCL Axon Solutions (Shanghai) Co., Ltd.	12,459,609.53	15,682,785.10
	HCL Technologies (Shanghai) Limited	212,429.92	267,319.00
	HCL Technologies Limited	9,692,794.00	1,178,977.00
	HCL Technologies B.V.	468,387.98	588,097.00
	HCL Technologies Belgium BVBA	-	480,870.00

HCL Technologies (Beijing) Limited  
 NOTES TO FINANCIAL STATEMENTS (continued)  
 For the Year Ended 31 December 2018  
 (Expressed in Renminbi Yuan)

14. Related party relationships and transactions (continued)

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

Account	Name	2018	2017
Account Receivables (continued)	HCL Technologies (Thailand) Ltd.	448,508.28	324,548.00
	HCL Technologies Austria GmbH	-	208,563.74
	HCL Technologies México SdeRLde CV	858,226.56	199,518.00
	HCLTechnologies Sweden AB	-	199,723.00
	HCL Technologies Limited Czech Republic s.r.o.	-	166,805.66
	HCL Australia Services Pty. Limited	-	82,395.00
	HCL Technologies Italy S.P.A.	-	67,789.00
	HCL Technologies Chile SPA	79,092.91	45,465.00
	HCL Technologies Ltd Romania s.r.l.	-	18,767.21
	HCL Canada.Inc.	-	244,504.00
	PT. HCL Technologies Indonesia	1,516.50	7,581.00
	HCL Technologies France	14,128.03	-
	HCL America Inc.	665,519.03	-
	HCL Axon (Pty) Limited	46,881.00	-
	FILIAL ESPANOLA DE HCL TECHNOLOGIES, S.L.	278,894.00	-
	HCL Technologies Limited-Swiss Branch	20,272.21	-
	HCL Technologies UK Limited	54,134.00	-
	HCL Japan Limited	144,481.65	-
	HCL Hong Kong SAR Limited	75,987.00	-
		<u>25,520,862.60</u>	<u>19,763,707.71</u>

**HCL Technologies (Beijing) Limited**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**For the Year Ended 31 December 2018**  
**(Expressed in Renminbi Yuan)**

**14. Related party relationships and transactions (continued)**

2018	2017		
Account Payables	HCL Axon Solutions (Shanghai) Co., Ltd.	-	45,014.33
	HCL Technologies (Shanghai) Limited	-	8,890.15
	HCL Technologies UK Limited	47,811.31	47,811.31
	HCL Poland Sp.z.o.o.	244,431.10	-
	HCL Australia Services Pty. Limited	406,913.96	-
	HCL Singapore Pte. Limited	<u>23,743.22</u>	<u>22,907.67</u>
		<u>722,899.59</u>	<u>124,623.46</u>
		2018	2017
Advances From	HCL Technologies France	<u>-</u>	<u>858.00</u>

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

Account	Name	2018	2017
Other payable	HCL Axon Solutions (Shanghai) Co., Ltd.	<u>455,119.60</u>	<u>-</u>

**15. Commitments**

The non-cancellable minimum lease payments for each of the next three years subsequent to the balance sheet date and aggregate minimum lease payments thereafter are as follows:

Operating lease commitments	2018	2017
The 1st year	7,550,422.71	2,008,794.51
The 2nd year	<u>5,488,992.79</u>	<u>1,434,853.22</u>
	<u>13,039,415.50</u>	<u>3,443,647.73</u>

**16. Contingencies**

As of the balance sheet date, there were no contingencies that the Company was required to disclose.

**HCL Technologies (Beijing) Limited**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**For the Year Ended 31 December 2018**  
**(Expressed in Renminbi Yuan)**

---

**17. Events occurring after the balance sheet date**

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

**18. Approval of the financial statements**

The financial statements have been authorised for issuance by the board of directors on 20 May 2019.

**HCL Technologies (Beijing) Limited**  
**Calculation of Taxable Income Adjustment**  
**For the Year Ended 31 December 2018**  
**(Expressed in Renminbi Yuan)**

---

Adjustment Items	The Adjustment of income			Note
	Description	Increase	Decrease	
1. Prepaid expenses	The movement of prepaid expenses	242,526.31	-	
2. Accrued payroll	The movement of accrued payroll	2,692,965.60	-	
1. Net of adjustment		2,935,491.91	-	
2. Total profit listed in the Income statement		5,078,493.60	-	
3. Taxable income after adjustment		8,013,985.51	-	

The above information is not audited, only for management reference. The final results are subject to the IRD's approval.