

**CRISIL Irevna Information Technology (Hangzhou) Co., Ltd.**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

**FINANCIAL STATEMENTS AND AUDITORS' REPORT**

The auditors' report and the accompanying financial statements are English translations of the Chinese auditors' report and statutory financial statements prepared under accounting principles generally accepted in the People's Republic of China. These financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in other countries and jurisdictions. In case the English version does not conform to the Chinese version, the Chinese version prevails.

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## AUDITORS' REPORT

GTCNSZ(2020)NO.310FC0005

TO THE BOARD OF DIRECTORS OF  
CRISIL Irevna Information Technology (Hangzhou) Co., Ltd.

### Opinion

We have audited the financial statement of CRISIL Irevna Information Technology (Hangzhou) Co., Ltd. (the "Company"), which comprise the statement of financial position as at 31 December 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements.

In our opinion, the accompanying financial statement present fairly, in all material respects, the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with the requirements of the Accounting Standards for Small Business Enterprises.

### Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement Section of our report. We are independent of the Company in accordance with the Code of Ethics for Chinese Certified Public Accountant (Ethics Code) together with the ethical requirements that are relevant to our audit of the financial statements, and we fulfilled our other ethical responsibilities in accordance with these requirements and the Ethics Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charge with Governance for the Financial Statement

Management of the Company is responsible for the preparation and fair presentation of the financial statement in accordance with the requirements of the Accounting Standards for Small Business Enterprises, and for such internal control as management determines in 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, 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 charge with governance are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statement**

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 China Standards on Auditing 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 China Standards on Auditing, we exercise professional judgment and maintain professional skepticism 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.

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

(4) 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, further 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.

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.





Grant Thornton  
(For identification purpose only)

Certified Public Accountant Wang Hengzhong

Certified Public Accountant Xia Meng

Address: Shanghai, China

10 February 2020



## BALANCE SHEET

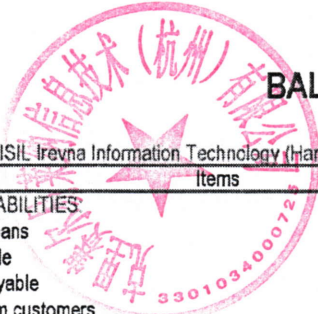
[English Translation for Reference Only]

Company: CRISIL Irevna Information Technology (Hangzhou) Co., Ltd.

Currency: RMB

Items	Notes V	2019.12.31	2018.12.31
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	1	6,065,031.06	5,669,064.53
Short-term investments			
Notes receivable			
Accounts receivable	2	1,574,859.52	3,768,844.47
Prepayments	3	217,104.70	126,502.91
Interest receivable			
Dividends receivable			
Other receivables			
Inventories			
Including: Raw materials			
Work in progress			
Finished goods			
Reusable materials			
Other current assets			
<b>TOTAL CURRENT ASSETS</b>		<b>7,856,995.28</b>	<b>9,564,411.91</b>
<b>NON-CURRENT ASSETS:</b>			
Held-to-maturity investments			
Long-term debt investments			
Fixed assets - Cost	4	4,274,455.37	4,258,580.95
Less: Accumulated depreciation	4	3,334,868.09	3,006,103.30
Fixed assets	4	939,587.28	1,252,477.65
Construction in progress	5		67,200.00
Materials held for construction of fixed assets			
Fixed assets pending for disposal			
Productive biological assets			
Intangible assets			
Development costs			
Long-term deferred expenses			
Other non-current assets	6	55,000.00	55,000.00
<b>TOTAL NON-CURRENT ASSETS</b>		<b>994,587.28</b>	<b>1,374,677.65</b>
<b>TOTAL ASSETS</b>		<b>8,851,582.56</b>	<b>10,939,089.56</b>

Legal representative: Pawan Kumar Jain    Person in charge of accounting function: Jyothi Sharma    Person in charge of accounting department: Jyothi Sharma



## BALANCE SHEET (CONTINUED)

[English Translation for Reference Only]

Company: CRISIL Irevna Information Technology (Hangzhou) Co., Ltd.

Currency: RMB

Items	Notes V	2019.12.31	2018.12.31
<b>CURRENT LIABILITIES:</b>			
Short-term loans			
Notes payable			
Accounts payable			
Advance from customers			
Salaries and employee benefits payable		1,913,502.45	1,978,325.72
Taxes and other fees payable	7	137,393.01	250,059.19
Interest payable			
Dividends payable			
Other payables		99,449.43	89,915.53
Other current liabilities			
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,150,344.89</b>	<b>2,318,300.44</b>
<b>NON-CURRENT LIABILITIES:</b>			
Long-term loans			
Long-term payables	8	69,585.17	22,934.84
Deferred income			
Other non-current liabilities			
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>69,585.17</b>	<b>22,934.84</b>
<b>TOTAL LIABILITIES</b>		<b>2,219,930.06</b>	<b>2,341,235.28</b>
<b>OWNERS' EQUITY:</b>			
Paid-in capital	9	2,736,333.00	2,736,333.00
Capital reserves			
Surplus reserves	10	1,189,531.95	986,152.13
Retained earnings	11	2,705,787.55	4,875,369.15
<b>TOTAL EQUITY ATTRIBUTABLE TO OWNERS' OF THE PARENT</b>		<b>6,631,652.50</b>	<b>8,597,854.28</b>
<b>TOTAL OWNERS' EQUITY</b>		<b>6,631,652.50</b>	<b>8,597,854.28</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>8,851,582.56</b>	<b>10,939,089.56</b>

Legal representative: Pawan Kumar Jain    Person in charge of accounting function: Jyothi Sharma    Person in charge of accounting department: Jyothi Sharma



## INCOME STATEMENT

[English Translation for Reference Only]

Company: CRISIL Irevna Information Technology (Hangzhou) Co., Ltd.

Currency: RMB

Items	Notes V	2019	2018
Revenue from operations	12	20,627,555.00	19,710,582.95
Less: Operating costs	13	11,565,832.39	11,178,487.18
Tax and surcharges		8,502.85	6,043.70
Including: Consumption tax			
Urban maintenance and construction tax			
Resource tax			
Land value added tax			
Urban land use tax, property tax, vehicle and vessel tax, stamp duty		8,502.85	6,043.70
Education surcharge, mineral resources compensation fee, sewage charge			
Selling expenses			
Including: Commodity maintenance fee			
Advertising and business promotion fees			
General and administrative expenses		6,788,121.25	6,474,634.20
Including: Start-up costs			
Business entertainment fee		12,065.34	17,094.22
Research and development costs			
Finance expenses / (income)	14	31,122.66	-73,093.00
Including: Interest expenses		23,880.68	12,662.69
Add: Investment income			
<b>PROFIT FROM OPERATIONS</b>		<b>2,233,975.85</b>	<b>2,124,510.87</b>
Add: Non-operating income	15	103,362.54	250,000.00
Including: Government grant		95,800.00	250,000.00
Less: Non-operating expenses			
Including: Bad debt loss			
Unrecoverable long-term bond investment losses			
Unrecoverable loss of long-term equity investment			
Force majeure losses caused by natural disasters and other			
Tax overdue fine			
<b>PROFIT BEFORE TAX</b>		<b>2,337,338.39</b>	<b>2,374,510.87</b>
Less: Income tax expenses	16	303,540.17	551,129.88
<b>NET PROFIT FOR THE YEAR</b>		<b>2,033,798.22</b>	<b>1,823,380.99</b>
<b>TOTAL EQUITY ATTRIBUTABLE TO OWNERS' OF THE PARENT</b>		<b>2,033,798.22</b>	<b>1,823,380.99</b>

Legal representative: Pawan Kumar Jain    Person in charge of accounting function: Jyothi Sharma    Person in charge of accounting department: Jyothi Sharma



## CASH FLOWS STATEMENT

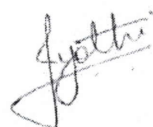
[English Translation for Reference Only]

Company: CRISIL Irevna Information Technology (Hangzhou) Co., Ltd.

Currency: RMB

Items	Notes VI	2019	2018
<b>Cash Flows from Operating Activities:</b>			
Cash received from sales of goods, commodities or rendering of services		22,835,342.42	18,719,598.23
Other cash received relating to operating activities		125,419.34	475,432.81
Cash paid for goods, commodities and services		727,891.19	1,425,116.73
Cash paid to and on behalf of employees		14,357,957.21	13,432,122.78
Tax payments		548,538.53	526,205.27
Other cash paid relating to operating activities		2,754,190.26	1,796,349.55
<b>Net Cash Flows from Operating Activities</b>	1	<b>4,572,184.57</b>	<b>2,015,236.71</b>
<b>Cash Flows from Investing Activities:</b>			
Cash received from disposal of investments			
Cash received from return on investments			
Cash received from disposal of fixed assets, intangible assets and other long-term assets		1,823.88	
Cash paid to investments			
Cash paid to acquire fixed assets, intangible assets and other long-term assets		113,657.74	450,963.25
<b>Net Cash Flows used in Investing Activities</b>		<b>-111,833.86</b>	<b>-450,963.25</b>
<b>Cash Flows from Financing Activities:</b>			
Cash received from borrowings			
Other cash receipts relating to financing activities			
Repayments of principal on borrowings			
Repayments of interests on borrowings			
Cash paid to profit distribution		4,000,000.00	
<b>Net Cash Flows used in Financing Activities</b>		<b>-4,000,000.00</b>	
<b>Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents</b>		<b>-64,384.18</b>	<b>64,555.28</b>
<b>Net Increase in Cash and Cash Equivalents</b>	1	<b>395,966.53</b>	<b>1,628,828.74</b>
Add: Cash and cash equivalents at the beginning of the period		5,669,064.53	4,040,235.79
<b>Cash and cash equivalents at the end of the period</b>		<b>6,065,031.06</b>	<b>5,669,064.53</b>

Legal representative: Pawan Kumar Jain    Person in charge of accounting function: Jyothi Sharma    Person in charge of accounting department: Jyothi Sharma

# STATEMENT OF CHANGES IN EQUITY

[English Translation for Reference Only]  
Currency: RMB

Company: CRISIL Irvina Information Technology (Hangzhou) Co., Ltd

	2019							
Items	Paid-in capital	Capital reserves	Less: Treasury stocks	Other comprehensive income	Specific reserves	Surplus reserves	Retained earnings	Total Owners' Equity
<b>1. Balance as at the end of last year</b>	2,736,333.00					986,152.13	4,875,369.15	8,597,854.28
Add: Changes in accounting policies								
Corrections of errors in prior periods								
Others								
<b>2. Balance at the beginning of the year</b>	2,736,333.00					986,152.13	4,875,369.15	8,597,854.28
<b>3. Movement during the year</b>						203,379.82	-2,169,581.60	-1,966,201.78
3.1. Total comprehensive income							2,033,798.22	2,033,798.22
3.2. Paid-in capital injected by or returned to investors								
a. Paid-in capital injected by investors								
b. Share-based payments charged to equity								
c. Others								
3.3. Appropriations of profits								
a. Appropriations to surplus reserves						203,379.82	-4,203,379.82	-4,000,000.00
b. Appropriations to investors						203,379.82	-203,379.82	-4,000,000.00
c. Others							-4,000,000.00	-4,000,000.00
3.4. Equity transfer among equity accounts								
a. Capital reserves transferred to paid-in capital								
b. Surplus reserves transferred to paid-in capital								
c. Surplus reserves used to offset losses								
d. Others								
3.5. Specific reserves								
a. Provision in the current period								
b. Utilised in the current period								
3.6. Others								
<b>4. Balance at the end of the year</b>	2,736,333.00					1,189,531.95	2,706,787.55	6,631,652.50

Legal representative: Pawan Kumar Jain      Person in charge of accounting function: Jyothi Sharma      Person in charge of accounting department: Jyothi Sharma




## STATEMENT OF CHANGES IN EQUITY (CONTINUED)

[English Translation for Reference Only]  
Currency: RMB

Company: CRISIL Irvina Information Technology (Pangzhou) Co., Ltd

2018

Items	Paid-in capital	Capital reserves	Less: Treasury stocks	Other comprehensive income	Specific reserves	Surplus reserves	Retained earnings	Total Owners' Equity
<b>1. Balance as at the end of last year</b>	2,736,333.00					803,814.03	3,234,326.26	6,774,473.29
Add: Changes in accounting policies								
Corrections of errors in prior periods								
Others								
<b>2. Balance at the beginning of the year</b>	2,736,333.00					803,814.03	3,234,326.26	6,774,473.29
<b>3. Movement during the year</b>						182,338.10	1,641,042.89	1,823,380.99
3.1 Total comprehensive income							1,823,380.99	1,823,380.99
3.2 Paid-in capital injected by or returned to investors								
a. Paid-in capital injected by investors								
b. Share-based payments charged to equity								
c. Others								
3.3 Appropriations of profits								
a. Appropriations to surplus reserves								
b. Appropriations to investors								
c. Others								
3.4. Equity transfer among equity accounts								
a. Capital reserves transferred to paid-in capital								
b. Surplus reserves transferred to paid-in capital								
c. Surplus reserves used to offset losses								
d. Others								
3.5 Specific reserves								
a. Provision in the current period								
b. Utilised in the current period								
3.6. Others								
<b>4. Balance at the end of the year</b>	2,736,333.00					986,152.13	4,875,369.15	8,597,854.28

Legal representative: Pawan Kumar Jain      Person in charge of accounting function: Jyothi Sharma      Person in charge of accounting department: Jyothi Sharma






## I. COMPANY BACKGROUND

CRISIL Irevna Information Technology (Hangzhou) Co., Ltd. ("the Company") is a wholly foreign owned investment enterprise incorporated in Hangzhou, Zhejiang Province of the People's Republic of China ("the PRC") on 30 December 2010 and approved by the People's Government of Zhejiang with Certificate of Approval Shang Wai Zi Zhe Fu Zi Hang Zi [2010] No.07598. The Company obtained its Business License No.330100400037853 for an operating period of 30 years. The original registered capital was USD 210,000.

In April 2013, in accordance with the board resolution and amendment of the Charter, and approval of Hang Gao Xin [2013] No.40, the registered capital of the Company was increased to USD 300,000 paid by CRISIL Limited in cash, which has been verified by Zhejiang Tianyu Certified Public Accountants Co., Ltd. with verification report Zhe Tian Yu Yan Wai Zi [2013] No.A0007 dated 13 May 2013.

In January 2014, in accordance with board resolution and amendment of the Charter, and approval of Hang Gao Xin [2013] No.261, the registered capital of the Company was increased to USD 430,000 paid by CRISIL Limited in cash, which has been verified by Zhejiang Zhijiang Certified Public Accountants Co., Ltd. with verification report Zhe Zhi Yan Zi [2014] No.015 dated 21 January 2014.

The Company completed registration changing process for Business License Integration on 5 January 2017 and updated its Business License number to 91330108566056126K.

The respective percentages of investment by the investors are as follows:

Investors	Investment %
CRISIL Limited	100.00

The Company's approved scope of business operations includes: financial consulting services, business management consulting services; software research and development; outsourcing services for management and maintenance of system applications; information technological support management, data processing and business process outsourcing services.

## II. BASIS OF PREPARATION

The financial statements are prepared under the Accounting Standards for Small Business Enterprises, which truly and completely reflect the company's financial position as of December 31, 2019, and its financial performance and cash flows of the year 2019.

## III. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES

### 1. Accounting system and accounting standards

The accounting policies adopted by the Company are in accordance with Accounting Standards for Small Business Enterprises and the relevant supplementary regulations.

### 2. Accounting period

The Company's accounting year starts on 1 January and ends on 31 December.

### 3. Recording currency

The recording currency of the Company is Renminbi Yuan ("RMB").

### 4. Basis of accounting and measurement bases

The Company follows the accrual basis of accounting. Assets are initially recorded at actual cost on acquisition and subsequently adjusted for impairment, if any.

### 5. Cash equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible into known amounts of cash and which are held by the Company and subject to limited risk on changes in value.

### 6. Foreign currency translation

Transactions denominated in foreign currencies (currencies other than the recording currency) are translated into Renminbi at the applicable rate of exchange ("market exchange rate") prevailing at the beginning of the month in which the transaction occurs quoted by the People's Bank of China. Monetary assets and liabilities denominated in foreign currencies are translated into Renminbi at the market exchange rate prevailing at the balance sheet date. Exchange gain or loss is dealt with as finance expenses.



**III. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES (CONTINUED)****7. Bad debt provision**

The Company uses provision method to account for its potential bad debts identified by management. The Company makes specific bad debts provision on an individual basis for receivables that are distinctively different from any other receivable in recoverability. Specific bad debt provision is made based on management judgment on the likely recoverability of such debts.

Criteria for recognition of bad debts:

(1) Due to bankruptcy or death of the debtors, the balance becomes irrecoverable despite pursuing statutory recovery procedures or offsetting against the estate of the administrators;

(2) The debtors do not perform their liabilities of the overdue debts, and there is strong evidence indicating that these amounts cannot be recovered.

Where evidence exists that balances cannot be recovered, bad debts are recognised after appropriate approval by management and the corresponding provision for bad debts is written off.

**8. Fixed assets and depreciation**

Fixed assets are tangible assets stated at cost upon acquisition with useful economic lives exceeding one year and relatively high unit price. These include electronic equipments, office facilities, and leasehold improvements held by the Company that are used in rendering of services.

Fixed assets are depreciated using the straight-line method to allocate the cost of the assets to their estimated residual values over their estimated useful lives. Depreciation is provided when the fixed assets are ready for their intended use and should cease when they are derecognised as fixed assets. The category of fixed assets, estimated useful lives, estimated residual values expressed as a percentage of cost and annual depreciation rates are as follows (without considering impairment):

Category of fixed assets	Estimated useful life	Estimated residual Value %	Annual rate of depreciation %
Electronic equipments	3 years	-	33.33
Office facilities	3-10 years	-	10.00-33.33
Leasehold improvements	3 years	-	33.33

For fixed assets which are impaired, the related depreciation charge is prospectively determined based upon the adjusted carrying amounts over their remaining useful economic lives.

The Company reviews its fixed assets on an individual basis at each period end and provides for impairment losses when the recoverable value of the fixed assets falls below the carrying value due to continuing slump of market value, technical obsolescence, damages or long period idleness.

**9. Employee benefits****(1) Scope of employee benefits**

Employee benefits refer to all forms of consideration or compensation given by the Company in exchange for service rendered by employees or for the termination of employment relationship. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits. Benefits provided to the Company's employee spouse, children, dependants, family members of deceased employees, or other beneficiaries are also part of employee benefits.

According to the liquidity of the employee benefits, it is usually presented as "employee benefits payable" and "long-term employee benefits payable" on the balance sheet.

**(2) Short-term employee benefits**

The Company shall recognise the employees' wages incurred, bonus, social security contributions such as premiums or contributions on medical insurance, work injury insurance and maternity insurance and housing funds as liabilities through profit or loss or related cost of the assets for the financial year in which the employees render the related services. If the liability is not expected to be settled in full within the next twelve months after the end of the accounting period in which the employees render the related services and this has significant financial impact, it shall be measured at the present value using an appropriate discount rate.

### III. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES (CONTINUED)

#### 9. Employee benefits (Continued)

##### (3) Post-employment benefits

Post-employment benefit plan includes defined contribution plans and defined benefit plans. Defined contribution plans are post-employment benefit plans under which an enterprise pays fixed contributions into a separate fund and will have no future obligations to pay the contributions. Defined benefit plans are post-employment benefit plans other than defined contribution plans. The Company has only defined contribution plan in place.

##### Defined contribution plans

Defined contribution plans include primary endowment insurance, unemployment insurance.

The Company shall recognise, in the accounting period in which an employee provides service, the contribution payable to a defined contribution plan as a liability, with a corresponding charge to the profit or loss for the current period or the cost of a relevant asset.

##### (4) Termination benefits

The Company provides for termination benefits to the employees and shall recognise an employee benefits liability for termination benefits, with a corresponding charge to the profit or loss for the current period, at the earlier of the following dates: When the Company cannot unilaterally withdraw the offer of the termination benefits because of an employment termination plan or a redundancy proposal; or when the Company recognises the costs or expenses relating to a restructuring that involves the payment of the termination benefits.

##### (5) Other long-term employee benefits

When other long-term employee benefits provided by the Company to the employees satisfied the conditions for classifying as a defined contribution plan, those benefits shall be accounted for in accordance with the above requirements relating to a defined contribution plan, but the movement of the net liabilities or assets in the investee's re-measured defined benefit plan in the cost of these employee benefits shall be recognised in profit or loss for the current period or the relevant cost of assets.

#### 10. Revenue recognition

##### Revenue from rendering of services

When the total amount of revenue and costs arising from provision of services can be estimated reliably, it is probable that the economic benefits associated with the transaction will flow in, service revenue is recognised.

#### 11. Operating leases

Rentals applicable to such operating leases are charged to the income statement based on agreement with lessor.

#### 12. Accounting for income taxes

The Company accounts for enterprise income taxes using the tax payable method. Tax expense is recognised based on current period taxable income and tax rates after adjusting for items which are non-assessable or non-deductible under the relevant tax laws and regulations.

#### 13. Related parties

Parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions; or where the Company and the party are subject to common control of the ultimate controlling party.



#### IV. TAXATION

##### 1. Main taxes and rates

Category of Taxes	Basis of taxes	Tax rates %
Value added tax (output tax)	Taxable revenue	Exemption
Corporate income tax	Taxable profit	20.00

##### 2. Tax incentives and approval documents

In July 2012, the Company was qualified by Hangzhou Hi-Tech Industrial Development Zone Foreign Trade Bureau as an enterprise that provides outsourced services for technical knowledge abroad. In accordance with CaiShui [2013] No.106, the Company exempts from the value-added tax and related surcharges on the service income received from overseas entities based on the entrusted contracts with overseas entities.

In accordance with Caishui [2019] No.13 issued by the State Administration of Taxation, from 1 January 2019 to 31 December 2021, for Small Low-profit enterprises, annual taxable income equal to or less than RMB 1,000,000 can be lowered by 25% levied at a tax rate of 20%, whereas any amount exceeding RMB 1,000,000 but below RMB 3,000,000 can be lowered by 50% levied at a tax rate of 20%.

#### V. DETAILED NOTES ON MAIN FINANCIAL STATEMENTS ITEMS

##### 1. Cash and cash equivalents

Category	2019.12.31	2018.12.31
Cash in hand	43,119.54	13,974.04
Cash at bank	6,021,911.52	5,655,090.49
<b>Total</b>	<b>6,065,031.06</b>	<b>5,669,064.53</b>

The above includes foreign currency as follows:

Currency	2019.12.31			2018.12.31		
	Original currency	Exchange rate	Equivalent to RMB	Original currency	Exchange rate	Equivalent to RMB
USD	85,224.27	7.0238	598,598.23	85,184.74	6.8660	584,878.16

At the end of the reporting period, the Company has no amount of pledge, freeze or potential no-recovery risks.

##### 2. Accounts receivable

Ageing	2019.12.31		2018.12.31	
	Amount	% of total balance	Amount	% of total balance
Within 1 year	1,574,859.52	100.00	3,768,844.47	100.00

At the end of the reporting period, there is no indication of un-collectibility and thus no bad debt provision is made.

##### 3. Prepayments

Ageing	2019.12.31		2018.12.31	
	Amount	% of total balance	Amount	% of total balance
Within 1 year	217,104.70	100.00	126,502.91	100.00

**V. DETAILED NOTES ON MAIN FINANCIAL STATEMENTS ITEMS (CONTINUED)**

## 4. Fixed assets and accumulated depreciation

## (1) Cost

Category	2019.01.01	Increase	Decrease	2019.12.31
Electronic equipments	2,150,835.10	168,357.74	153,483.32	2,165,709.52
Office facilities	1,064,893.42	12,500.00	-	1,077,393.42
Leasehold improvement	1,042,852.43	-	11,500.00	1,031,352.43
<b>Total</b>	<b>4,258,580.95</b>	<b>180,857.74</b>	<b>164,983.32</b>	<b>4,274,455.37</b>

## (2) Accumulated depreciation

Category	2019.01.01	Increase	Decrease	2019.12.31
Electronic equipments	1,756,024.24	274,786.71	153,483.32	1,877,327.63
Office facilities	365,138.27	113,056.12	-	478,194.39
Leasehold improvement	884,940.79	105,905.28	11,500.00	979,346.07
<b>Total</b>	<b>3,006,103.30</b>	<b>493,748.11</b>	<b>164,983.32</b>	<b>3,334,868.09</b>

## (3) Provision

At the end of the reporting period, there is no indication of impairment of fixed assets. No impairment provision is made.

## (4) Net carrying value

Category	2019.01.01	2019.12.31
Electronic equipments	394,810.86	288,381.89
Office facilities	699,755.15	599,199.03
Leasehold improvement	157,911.64	52,006.36
<b>Total</b>	<b>1,252,477.65</b>	<b>939,587.28</b>

## 5. Construction in progress

Category	2019.12.31			2018.12.31		
	Book balance	Provision for impairment	Net carrying value	Book balance	Provision for impairment	Net carrying value
Construction in progress	-	-	-	67,200.00	-	67,200.00

## 6. Other non-current assets

Items	2019.12.31	2018.12.31
Security deposits	55,000.00	55,000.00

## 7. Taxes and other fees payable

Category	2019.12.31	2018.12.31
Corporate income tax	72,274.96	209,891.42
Withholding individual income tax	56,244.44	39,526.67
Other taxes	8,873.61	641.10
<b>Total</b>	<b>137,393.01</b>	<b>250,059.19</b>

## 8. Long-term payables

Items	2019.12.31	2018.12.31
Long-term incentive plan	69,585.17	22,934.84

Long term incentive plan (LTIP) is a cash incentive plan given to specific employees across CRISIL group. It is assumed based on achievement of business targets such as EBITDA and EPS. The payment is scheduled in 2021 and 2022.



**V. DETAILED NOTES ON MAIN FINANCIAL STATEMENTS ITEMS (CONTINUED)**

## 9. Paid-in capital

Name	2019.12.31		2018.12.31	
	USD	Equivalent to RMB	USD	Equivalent to RMB
CRISIL Limited	430,000.00	2,736,333.00	430,000.00	2,736,333.00

## 10. Surplus reserves

Category	2019.01.01	Increase	Decrease	2019.12.31
Statutory reserves	986,152.13	203,379.82	-	1,189,531.95

Pursuant to the regulations of foreign invested enterprise of the People's Republic of China and the Company Charter, after making up for losses carried forward from previous years, the profits should be first allocated to reserve funds, employees' rewards and welfare funds, then it can be distributed to investors, then it can be distributed to investors. The proportion of allocation to reserve funds should not be less than 10% and if the amount of reserve funds is more than 50% of the registered capital, the Company can opt to cease contributing to the reserve funds. The proportion of allocation for reserve funds, employees' rewards and welfare funds are determined by the board of directors.

## 11. Retained earnings

Category	2019.12.31	2018.12.31
Retained earnings at the begin of the year	4,875,369.15	3,234,326.26
Add: Net profits	2,033,798.22	1,823,380.99
Profit available for distribution	6,909,167.37	5,057,707.25
Less: Appropriation to statutory reserves	203,379.82	182,338.10
Profit distribution to equity owners	4,000,000.00	-
<b>Retained earnings at the end of the year</b>	<b>2,705,787.55</b>	<b>4,875,369.15</b>

According to Board resolution dated 16 September 2019, it is approved that RMB 4,000,000.00 of net profits after tax for fiscal year 2018 is declared as dividend distribution to CRISIL Limited. The payout has been made in September 2019.

## 12. Revenue from operations

Category	2019	2018
Revenue from rendering of services	20,627,555.00	19,710,582.95

## 13. Operating costs

Category	2019	2018
Cost from rendering of services	11,565,832.39	11,178,487.18

## 14. Finance expenses

Category	2019	2018
Interest income	-23,880.68	-12,662.69
Net foreign exchange losses / gains	50,962.15	-64,555.28
Others	4,041.19	4,124.97
<b>Total</b>	<b>31,122.66</b>	<b>-73,093.00</b>

## 15. Non-operating income

Category	2019	2018
Government grants	95,800.00	250,000.00
Others	7,562.54	-
<b>Total</b>	<b>103,362.54</b>	<b>250,000.00</b>

## 16. Income tax expenses

Category	2019	2018
Income tax expenses for the year	199,249.89	593,627.71
Adjustment in respect of prior year	104,290.28	-42,497.83
<b>Total</b>	<b>303,540.17</b>	<b>551,129.88</b>

As stated in Note IV.1, the applicable corporate income tax rate for the Company is 20% and the provision is calculated based on the accounting results for the year after adjusting for items which are non-assessable or non-deductible under the relevant tax laws and regulations.

**VI. CASH FLOWS**

## 1. Cash flow statement supplementary information

Category	2019	2018
<b>(1) Adjustments to reconcile net income to net cash from operating activities:</b>		
Net profits	2,033,798.22	1,823,380.99
Add: Depreciation of fixed assets	493,748.11	491,065.37
Gains from disposal of fixed assets	-1,823.88	-
Financial expenses	50,962.15	-64,555.28
Decrease / (Increase) in operating receivables	2,116,805.19	-805,324.36
(Decrease) / Increase in operating payables	-121,305.22	570,669.99
Net cash flows from operating activities	4,572,184.57	2,015,236.71
<b>(2) Cash and cash equivalents movement:</b>		
Cash at the end of the period	6,065,031.06	5,669,064.53
Less: Cash at the beginning of the period	5,669,064.53	4,040,235.79
Net increase in cash and cash equivalents	395,966.53	1,628,828.74

## 2. Cash and cash equivalents

Category	2019.12.31	2018.12.31
<b>(1) Cash</b>	6,065,031.06	5,669,064.53
Including: Cash in hand	43,119.54	13,974.04
Cash at bank available for payment	6,021,911.52	5,655,090.49
<b>(2) Ending balance of cash and cash equivalents</b>	6,065,031.06	5,669,064.53

**VII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS**

## 1. Related parties

The following are related parties where a control relationship exists

## A. Name of related parties and relationship with the Company

Name	Relationship
CRISIL Limited	Parent company

## B. Registered capital and change of registered capital of the related parties

Name	2019.01.01	Increase	Decrease	2019.12.31
CRISIL Limited	2,736,333.00	-	-	2,736,333.00

## 2. Related parties transactions

Rendering of services

Name	2019	2018
CRISIL Limited	20,627,555.00	19,710,582.95

The Company adopts a cost and expense plus method to charge fees for services rendered to CRISIL Limited.

## 3. Amounts due from/to related parties

## (1) Accounts Receivables

Name	2019.12.31	2018.12.31
CRISIL Limited	1,574,859.52	3,768,844.47

## (2) Other payables

Name	2019.12.31	2018.12.31
CRISIL Limited	16,749.43	-

**VIII. COMMITMENTS**

1. Significant commitments

(1) Operating lease commitment

As of 31 December 2019, the Company has committed to non-cancellable operating leases and the future minimum lease payments are as follows:

<b>Operating lease commitment</b>	<b>2019.12.31</b>	<b>2018.12.31</b>
Less than 1 year	820,653.79	872,062.04
Between 1 and 2 years	743,457.50	43,854.79
Between 2 and 3 years	645,895.83	-
<b>Total</b>	<b>2,210,007.12</b>	<b>915,916.83</b>

(2) Other commitments

As at 31 December 2019, the Company has no significant commitments that needs to be disclosed.

**IX. POST BALANCE SHEET EVENTS**

As at 10 February 2020, the Company has no post balance sheet event that needs to be disclosed.

**X. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements and the accompanying notes to the financial statements have been approved by the Company's board on 10 February 2020.

CRISIL Irevna Information Technology (Hangzhou) Co., Ltd.

10 February 2020

