



上海华皓会计师事务所(普通合伙)

Shanghai Well C.P.A. Partnership

Auditor's Report

WELL. C. P. A (2021) No. 240

To the Shareholders of Tata Steel International (Shanghai) Limited:

I、Opinion

We have audited the accompanying financial statements of Tata Steel International (Shanghai) Limited (the “Company”), which comprise the balance sheet as at 31 December 2020, the income statement, the cash flow statement for the year then ended and the statement of changes in equity and notes to the financial statements.

In our opinion, the attached financial statements give a true and fair view of the company's financial position as of December 31 in all material respects, and calculate its financial position and cash flow for the year in accordance with the accounting system for business enterprises.

II、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 Statements section of the report. We are independent of the Company in accordance with Code of Ethics of Professional Accountant (“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 audit opinion.

III、 Management's responsibility for the financial statements

The company's management (Management) is responsible for the preparation and fair presentation of financial statements in accordance with the provisions of the enterprise accounting system, and the design and implementation. The management believes it is necessary to maintain internal control so that the financial statements are free from material misstatement due to fraud or error.

In preparing the consolidated 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 intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

IV、 Auditor's responsibilities for the audit of the financial statements

Our objective is 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 the Standard 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 the Standard, 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 sufficient, appropriate audit evidence to provide a basis of our opinion. Since fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control, the risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error.

(2) Obtain an understanding of internal control that is relevant to the audit in order to design appropriate audit procedures, but not for the purpose of expressing an opinion on the effectiveness of the Company's 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 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, we have to modify our opinion. Our conclusion is based on the 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 fairly presented the underlying transactions and events.

We communicate with those charged with governance for the events such as the planned scope and timing of the audit and significant audit findings, also including any significant deficiencies in internal control that we identify during our audit.

Shanghai WELL. C. P. A Partnership China Certified Public Accountant: Chen Ying
(General Partnership)

China Certified Public Accountant: Zhang Meng

Shanghai, China

2021. 4. 25

[English translation for reference only. Should there be any inconsistency between the Chinese and English versions, the Chinese version shall prevail.

BALANCE SHEET

Company Name : Tata Steel International (Shanghai) Limited

AS OF DECEMBER 31, 2020

(CURRENCY: RMB)

Items	2020.12.31	2020.1.1	Items	2020.12.31	2020.1.1
CURRENT ASSETS			CURRENT LIABILITIES		
Cash	2,263,333.61	3,036,388.94	Short-term loans		73
△Deposit Reservation for Balance			△Borrowings from central bank		74
△Funds lent			△Customer deposit and interbank placement		75
△Transactional financial assets			△Loans from other banks		76
Financial assets measured at fair value and changes recorded into current profit or loss			△Transactional financial liabilities		77
Derivative financial assets			Financial liabilities measured at fair value and changes recorded into current profit or loss		78
Accounts and notes receivable			Derivative financial liabilities		79
Payments in advance			Accounts and notes payable		80
△Premiums receivable			Receipts in advance		81
△Reinsurance receivable			△Obligation of contract		82
△Receivable from subcontracting reserves			△Financial assets sold for repurchase		83
Other receivables	2,965,909.97	2,992,292.76	△Handling charges and commissions payable		84
△Buying back the sale of financial assets			Wages payable		85
Inventories	482,066.50	70,265.21	Including: Accrued payroll		86
Including: raw material			Including: Staff welfare payable		87
Finished goods			△Staff bonus and welfare fund		88
△Contractual Assets			Taxes and dues payable		89
Assets held for sale			Including: Taxes payable		90
Long-term debt investments due within one year			Other payable		91
Other current assets	31,914.76	60,556.66	△Payable for Reinsurance		92
Total current assets	5,747,224.84	5,759,483.57	△Insurance contract reserve		93
NON-CURRENT ASSETS			△Receivings from Vicariously Traded Securities		94
△Loans and advances			△Receivings from Vicariously Sold Securities		95
Financial assets available for sale			Liabilities held for sale		96
△Debt investments			Long-term liabilities due within one year		97
Other debt investment			Other current liabilities		98
Investment held to maturity			Total current liabilities		99
Long-term receivable			NON-CURRENT LIABILITIES		100
Long-term equity investments			Long-term loans		101
△Other investments in equity instruments			Debtures payable		102
△Other non-current financial assets			Preferred Stock		103
Property for investments			Perpetual debt		104
Fixed assets	89,565.73	28,780.85	Long-term payables		105
Construction in progress			Long-term wages payable		106
Bearer biological assets			Contingent liabilities		107
Oil and gas assets			Deferred revenue		108
Intangible assets			Deferred income tax liabilities		109
Development expenditure			Other long-term liabilities		110
Goodwill			Special reserve fund		111
Long-term deferred expenses			Total non-current liabilities		112
Deferred tax assets			Total liabilities		113
Other long-term assets	61,805.66	52,900.80	OWNERS' EQUITY:		114
Total non-current assets			Paid-in capital		115
			government capital		116
			Including: State-owned legal person's capital		117
			Collective capital		118
			Private capital		119
			Personal capital		120
			Foreign capital		121
			# Less: returned capital		122
			Paid-in capital, net		123
			Other equity instruments		124
			Preferred Stock		125
			Perpetual debt		126
			Capital surplus		127
			Less: Treasury shares		128
			Other Comprehensive Income		129
			Converted difference in Foreign Currency Statements		130
			Special reserve		131
			Surplus reserve		132
			Including: Statutory reserve		133
			Discretionary fund		134
			# Reserve fund		135
			# Enterprise development fund		136
			# Profit on return of investment		137
			△ General risk provisions		138
			Retained earnings		139
			Total equity attributable to equity holders of the Company		140
			* Minority interest		141
			Total owners' equity		142
			TOTAL LIABILITIES AND OWNERS' EQUITY		143
					144
Total assets	5,898,596.23	5,841,165.22	Total liabilities	4,881,202.70	4,881,202.70
			Total owners' equity	1,017,393.53	1,017,393.53

INCOME STATEMENT

Company Name : Tata Steel International (Shanghai) Limited

FOR THE YEAR ENDED 31 DECEMBER 2020

(CURRENCY: RMB)

Items	2020	2019	Items	2020	2019
Revenues					
Revenues from main operations	3,957,207.45	3,927,230.05	Debt restructuring gains		
△Interest income			Less: Non-operating expenses	86,563.68	
△Insurance premiums earned			Including: Debt restructuring losses		
△Handling charges and commission income			Total profit / (loss)	-1,926,495.84	154,986.74
Costs			Less: Income taxes expenses	5,726.85	1,623.20
Cost of main operations	5,804,560.63	3,775,386.73	Net profit / (loss)	-1,932,222.69	153,363.54
△Interest expense			(1) Classification by ownership		
△Handling charges and commission fee			Net profits attributable to parent	-1,932,222.69	153,363.54
△Surrender Value			*Minority shareholder's profit		
△Net payments for insurance claims			(2) Classification according to business continuity		
△Net change in insurance contract reserves			Income from continuing operations		
△Policyholder dividend expense			Net profit from discontinued operations		
△Reinsured expenses			6. Other Comprehensive net profit		
Tax and levies on operations			Other comprehensive net profit attributable to parent		
Selling and distribution expenses	25,937.02	21,499.80	(1) Items not to be reclassified into profit or loss in subsequent periods		
General and administrative expenses	1,906,849.95	3,760,505.43	1. Changes arising from remeasurement of net liabilities or assets of defined benefit plan		
Party building work expenses			2. Share in other comprehensive income of the investee that cannot be reclassified into profit		
Research and development expense			☆3. Other equity instruments classified as fair value		
Finance expenses	-43,697.52	-6,618.50	☆4. Changes in the fair value of their own credit risk		
Including: interest expenses			5. Others		
Interest income	10,288.85	9,109.87	(2) other comprehensive income of the investee that will be reclassified into profit		
Exchange gains	-35,964.67	-76.63	1. other comprehensive income of that can be reclassified into profit under equity method		
Exchange losses			☆2. Other changes in fair value of debt investments		
Loss of assets impairment			3. Gains or losses from changes in fair value of available for sale financial assets		
☆Credit impairment losses			☆4. Reclassification of financial assets recognized in other comprehensive income		
Others			5. Reclassification of held-to-maturity investments as available for sale financial assets, gains and losses		
Add: Other income			☆6. Borrower's rights investment depreciation reserves		
Investment income			7. Cash flow hedging reserve		
Investment income in associates and joint ventures			8. Foreign currency translation differences		
△Foreign Exchange Income			9. Other		
☆Net exposure hedging gains			Other comprehensive income, net of tax attributable to minority shareholders		
Changes of fair value assets			7. Total comprehensive income	-1,932,222.69	153,363.54
Gain on disposal of assets			Total comprehensive income attributable to owners of the parent company	-1,932,222.69	153,363.54
Operating profit / (loss)	-1,847,353.18	151,843.32	*Comprehensive income attributable to minority shareholders		
Add: Non-operating income	7,421.02	3,143.42	8. Earnings per share:		
Including: government subsidy	7,421.02	3,143.42	Basic earnings per share		
			Diluted earnings per share		

CASH FLOW STATEMENT

Company Name : Tata Steel International (Shanghai) Limited

FOR THE YEAR ENDED 31 DECEMBER 2020

(CURRENCY: RMB)

Items	2020	2019	Items	2020	2019
1. Cash flows from operating activities					
Cash received from sales of goods or rendering of services	3,716,104.77	4,146,018.53	Net cash received from disposal of fixed assets, intangible assets and other long-term assets		
△Net increase in deposits from customers and due from banks and other financial institutions			Cash received from disposal of subsidiaries		
△Net increase in borrowings from the central bank			Cash received relating to other investing activities		
△Net increase in loans from other financial institutions			Sub-total of cash inflows		
△Cash received from receiving insurance premium of original insurance contract			Cash paid to acquire fixed assets, intangible assets and other long-term assets	89,737.16	52,900.80
△Net cash received from reinsurance business			Cash paid to acquire investments		
△Net increase in deposits and investments from policyholders			△Net increase in pledge loans		
△Net increase received from disposal of financial assets measured at fair value through current profit and loss			Cash paid for acquisition of subsidiaries		
△Cash received from interests, handling charges and commissions			Cash paid relating to other investing activities		
△Net increase in loans from banks and other financial institutions			Sub-total of cash outflows		
△Net capital increase in repurchase business			Net cash flows from investing activities	89,737.16	52,900.80
Refunds of taxes	6,126.14	29,240.06	3. Cash flows from financing activities		
Other cash received relating to operating activities	361,117.37	27,159.87	Cash received from capital contributions		
Sub-total of cash inflows	4,083,348.28	4,202,418.46	*Including: Cash received by subsidiaries from investments by minority shareholders		
Cash paid for goods and services			Cash received from borrowings		
△Net increase in customers' loans and advances			△Cash received from bonds issue		
△Net increase in deposits with central bank and with banks and other financial institutions			Cash received relating to other financing activities		
△Cash paid for original insurance contract claims			Sub-total of cash inflows		
△Cash paid for interests, handling charges and commissions			Cash repayments of amounts borrowed		
△Cash paid for policy dividends			Cash payments for interest expenses and distribution of dividends or profits		
Cash paid to and on behalf of employees	3,016,815.14	2,685,565.87	*Including: Dividends and profits paid to minority shareholders by subsidiaries		
Payments of taxes and levies	275,395.21	205,193.55	Cash payments relating to other financing activities		
Cash paid relating to other operating activities	1,510,400.77	1,361,717.59	Sub-total of cash outflows		
Sub-total of cash outflows	4,802,611.12	4,252,477.01	Net cash flows from financing activities		
Net cash flows from operating activities	-719,262.84	-50,058.55	4. Effect of foreign exchange rate changes on cash	35,964.67	76.63
2. Cash flows from investing activities			5. Net increase / (decrease) in cash	-773,035.33	-102,882.72
Cash received from disposal of investments			Add: cash equivalents at beginning of year	3,036,368.94	3,139,251.66
Cash received from returns on investments			6. Cash at end of year	2,263,333.61	3,036,368.94

I. Corporate Information

The company was invested and established by Tata Steel International (Asia) Limited on June 8, 2006. The investor of the company changed from Tata Steel International (Asia) limited to Tata Steel International (Singapore) Holdings Pte. Ltd. on July 31, 2018. The investor of the company then merged with T S GLOBAL PROCUREMENT COMPANY PTE. LTD. in late November 2020, and T S GLOBAL PROCUREMENT COMPANY PTE. LTD. became the legal entity company name of the surviving company after the merger, but the company has not completed the filing procedures of the government department for the change of investors. Now, it holds the business license with unified social credit code of 91310000717864543J issued by Shanghai Administration for Industry and commerce. NAKAMURA RITSU is the legal representative of the Company. The total investment of the Company amounts to USD 880,000.00, the registered capital amounts to USD620,000.00, and the paid-in capital amounts to USD 620,000.00; Company type: limited liability company (wholly owned by foreign legal person)

Principal Activities:

The wholesale, commission agency (excluding auction), import and export of steel, aluminum products, construction products and other relevant products, and rendering of the relevant supporting service and after service (operate the products involved in quota license administration or specific stipulation administration in accordance with the relevant provisions of the State) 【Projects subject to approval in accordance with the law may not carry out business activities until they have been approved by relevant departments】

II. Basis of Preparation and adoption of Accounting Standard for financial statements

The financial statements are prepared on the basis of continuous operation and according to the actual transactions and events. It shall be confirmed and measured in accordance with the accounting system for business enterprises and other relevant provisions.

III. Statement of Compliance with Accounting Standards for Business Enterprises and 《Accounting System for Business Enterprises》

The financial statements give a true and complete view of the financial position, operating results and cash flows, etc. of the enterprise in accordance with 《Accounting System for Business Enterprises》 .

IV. Significant Accounting Policies and Accounting Estimates

1、 The accounting system the Company currently implements

The Company is in accordance with 《Accounting System for Business Enterprises》 and other relevant provisions.

2、 Accounting year

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

3、 Functional currency

Renminbi (“Rmb”) is the functional currency of the Company.

4、 Basis of accounting and measurement bases

The Company follows the accrual basis of accounting, and assets are initially recorded at actual costs on acquisition.

5. Foreign currency translation

(1) The foreign currency transactions are translated into Rmb at the exchange rates stipulated by the People's Bank of China on the first day of the month when the transactions took place. Balances of foreign currency monetary items at the balance sheet date are translated into Rmb at the stipulated exchange rates at the balance sheet date.

(2) The exchange difference arising from these translations shall be entered as gain and loss on exchange, and included in the current financial expenses; for those occurred during the construction preparation period are included in long-term deferred expenses; exchange difference relating to foreign currency borrowings specifically for construction and acquisition of fixed assets was capitalized; exchange differences from different currencies are included in the financial expenses.

6. Short-term investments

(1) Short-term investment valuation method:

The short-term investment is accounted by the actual cost upon acquisition(including taxes, handling fee and correlative charges), deducting the cash dividends declared to be released but not yet paid (interest of creditor's right whose debenture interest is already due but have not been received) .

(2) The recognition of investment income:

During the holding period of short-term investment, the cash dividends declared by the investee or interest income, at the due day for interest payment by the debtor, calculated on the basis of the coupon rate of term bond in accordance with the instalment payment, shall be included in the investment income. For sale of the short-term investment, the net amount of sale price (deducting its book balance and relevant taxes), shall be included in the investment income.

7. Provision for bad debts of receivables

(1) Recognition criteria of bad debts

① The irrecoverable amount of a debtor who declares bankruptcy, closing down, dissolution, or the business license shall be canceled or revoked in accordance with the law and has insufficient liquidating property to repay.

② The irrecoverable amount of a debtor who has deceased, or has been declared missing or dead in accordance with the law, and has insufficient estate to repay.

③ The amount owed by a debtor who is unable to repay the obligations after the debts are three years overdue, and the amount is unlikely to be recovered as demonstrated by sufficient evidence.

④ Unable to recourse against the debtor after a debt restructuring agreement or the court's approval of the bankruptcy reorganization plan.

⑤ The debt is unrecoverable because of natural disasters, war and other force majeure.

⑥ Other conditions as prescribed by the finance and tax administrative department of the State Council.

(2) Accounting methods for bad debts losses

Using allowance method. The bad debt provision is made for receivables (including accounts receivable and other receivables). The bad debt provision is made using the specific identification method.

8. Inventories

Inventory refers to finished products or merchandise possessed by an enterprise for sale in the daily of business, or work in progress in the process of production. Inventories include finished goods.

(1) Measurement: The inventories shall be initially measured in light of their

cost.

For the inventories obtained from debtors as a way of debt-paying by debt restructuring, the value of these inventories are recognized based on the book value of creditor's right. For inventories received from Non-monetary transactions, the value of these inventories are recognized based on the book value of assets surrendered.

(2) Low value consumables are amortized by using immediate write-off method.

(3) Inventory system:

Perpetual Inventory System. For the loss from the inventory losses or damaged inventories, shall be included in the current profits and losses

(4) Provisions for declines in the value of inventories: presented at the lower of cost and net realizable value. The company made provision for loss on decline in value of inventories on the ground of each item of inventories. (For inventories with large quantity and relatively low unit prices, the provision for loss on decline in value of inventories shall be made on the ground of the categories of inventories)

9、 Long term investment accounting method

(1) Long term equity investment

The long-term equity investment of the company is valued at the initial investment cost when it is obtained. If the investment in the invested entity accounts for less than 20% of the total voting capital of the entity, or if it accounts for more than 20% but has no significant impact, the cost method shall be used for accounting; if the investment in the invested entity accounts for more than 20% or 20% of the total voting capital of the entity, or if the investment is less than 20% but has significant impact, the equity method shall be used for accounting.

(2) Long term debt investment (items of "held to maturity investment and available for sale financial assets" listed in the balance sheet)

The long-term debt investment of the company is regarded as the initial investment cost according to the actual cost at the time of acquisition. Interest receivable of long-term debt investment shall be calculated on schedule.

(3) Provision for impairment of long-term investment

The company checks the long-term investment item by item at the end of the period. If the recoverable amount is lower than the book value due to the continuous decline of the market price or the deterioration of the operating condition of the investee, the provision for impairment of long-term investment shall be withdrawn. When withdrawing, the long-term investment depreciation reserves shall be recognized according to the difference between the recoverable amount of single investment and the book value.

10. Fixed assets and depreciation

(1) The recognition criteria of fixed assets

Fixed assets are tangible assets that are held for the sake of producing commodities, rendering labor service, renting or business management; and their useful life is in excess of one fiscal year.

Fixed assets are recognized only when the economic benefits relating to the fixed assets are likely to flow into the enterprise and the cost of the fixed assets can be measured reliably.

The initial measurement of a fixed asset shall be made at its cost.

(2) Classification of fixed assets and Depreciation method

The depreciation is calculated using the straight-line method.

Depreciation of the fixed asset begins when it is available for use. Depreciation of an asset ceases when the asset is derecognised or divided into non current assets held for sale. Without considering the provisions for impairment loss of fixed assets, the

Notes to Financial Statements

For the Year Ended 31 December 2020

Tata Steel International (Shanghai) Limited

(Expressed in Renminbi Yuan)

category, estimated useful lives, estimated residual values and annual depreciation rate of the fixed assets are as follows:

<u>Category</u>	<u>Estimated residual rate</u>	<u>Estimated useful lives</u>	<u>Annual depreciation rate</u>
Office equipment	10%	5 years	18%

For the improvement expenditure of fixed assets under operating lease, depreciation shall be accrued by straight-line method within the benefit period.

Under the condition of considering the provision for impairment, the net book value and remaining depreciation life of a single fixed asset after deducting the provision for impairment shall be determined and depreciated separately. Provisions for impairment of fixed assets.

(3) If recoverable amount is lower than carrying amount of due to the market prices' continuing falling, obsolete technology, damage, being long-term idle, etc., the provisions are taken by the difference.

The company made provisions for impairment of fixed assets on the ground of each item of assets.

11. Construction in progress

(1) Measurement: Construction in progress is recorded at the actual cost incurred for the construction. When the asset is ready for its intended use, the construction in progress is transferred to fixed assets. After available for intended use but before the final settlement, the built-up fixed assets are accounted at estimated value.

After the settlement, the Company should adjust the estimate.

(2) Provision for impairment of construction in progress:

The provisions are taken for the long suspension of construction in progress which is expected to not be restarted over the next 3 years, or the construction in progress whose project has been lagged behind in performance, technology and brings economic benefit of great uncertainty to the enterprise.

12. Amortization method of long-term unamortized expenses

The long-term unamortized expenses incurred by the company shall be valued at the actual cost and amortized averagely according to the expected benefit period. The amortized value of long-term unamortized expenses that cannot benefit the future accounting period shall be included in the current profit and loss.

13. Employee benefits

Employee benefits are all forms of consideration given and other relevant expenditures incurred by the Company in exchange for service rendered by employees. Employee benefits include staff wages, bonuses, allowances, subsidies and staff welfare, etc. In the accounting period in which an employee has rendered service to an enterprise, the enterprise shall recognize the employee benefits payable (for that service) as a liability.

Relevant cost shall be recognized according to the he benefits derived from the employee service.

14. Revenue Recognition

(1) Revenue from sale of goods shall be recognized when the company received

Notes to Financial Statements

For the Year Ended 31 December 2020

Tata Steel International (Shanghai) Limited

(Expressed in Renminbi Yuan)

payment for goods after delivering the goods or acquired the right on receivables.

(2)The revenue from rendering of services (the services started and completed in the same fiscal year) shall be recognized when service transactions have been completed and meanwhile, have received the payment or acquired the right of on receivables. An enterprise shall ascertain the total revenue from the providing of labor services in accordance with the received or to-be-received price of the party that receives the labor services as stipulated in the contract or agreement.

For the services started or completed in different fiscal years,the revenue from rendering of services shall be recognized in accordance with schedule of completion. An enterprise shall, on the date of the balance sheet, ascertain the current revenue from rendering services in accordance with the amount of multiplying the total amount of revenues from rendering services by the schedule of completion then deducting the accumulative revenues from the providing of labor services that have been recognized in the previous accounting periods.

15. Income tax

The company adopts the tax payable method

Take the taxable income after the corresponding adjustment of current pre-tax accounting profit, in accordance with rules established by the taxation authorities, as the base for calculating the income tax expense of the current period.

Notes to Financial Statements

For the Year Ended 31 December 2020

Tata Steel International (Shanghai) Limited

(Expressed in Renminbi Yuan)

V. Tax

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

Categories of Tax	Tax rate	Tax base
Corporate income tax	25%	Taxable income
Value added tax(VAT)	16%、13%、6%	Added value in the process of circulation of goods or taxable services
City maintenance and construction surtax	7%	Turnover tax payable
Educational surtax and surcharge	3%	Turnover tax payable
Local educational surcharge	2% or 1%	Turnover tax payable

VI. Changes in accounting policies, accounting estimates and Explanation of error correction

There is no change of accounting policies, accounting estimates and / or correction of accounting errors.

VII. Notes To The Financial Statements**1、 Monetary funds**

Items	2020-12-31			2019-12-31		
	Amount of original currency	Exchange rate	Translated to RMB	Amount of original currency	Exchange rate	Translated to RMB
Cash in bank			2,263,333.61			3,036,368.94
Including:RMB	2,258,905.87		2,258,905.87	3,031,636.84		3,031,636.84
USD	678.59	6.5249	4,427.74	678.32	6.9762	4,732.10
Total			2,263,333.61			3,036,368.94

Notes to Financial Statements

For the Year Ended 31 December 2020

Tata Steel International (Shanghai) Limited

(Expressed in Renminbi Yuan)

2、 Other receivables

Item	Ending bal.	Beginning bal.
Interest receivable		
Dividends receivable		
Other receivable	2,969,909.97	2,592,292.76
合 计	2,969,909.97	2,592,292.76

Other receivable**(1) Aging analysis**

Items	2020-12-31		2019-12-31	
	Balance	Provision for bad debts	Balance	Provision for bad debts
Within 1 year	2,868,597.25		2,481,337.08	
1-2 years	101,312.72			
Over 2 years			110,995.68	
Total	2,969,909.97		2,592,292.76	

(2) Main debtors:

Company's (Personal) names	Amount owed	Aging
T S GLOBAL PROCUREMENT COMPANY PTE. LTD.	2,867,094.26	Within 1 year
Zhongguang development real estate (Shanghai) Co., Ltd	97,358.64	1-2 years

3、 Inventories

Items	2020-12-31		2019-12-31	
	Balance	Provision for inventory devaluation	Balance	Provision for inventory devaluation
Finished goods			70,265.21	
Materials in transit	482,066.50			
Total	482,066.50		70,265.21	

Notes to Financial Statements

For the Year Ended 31 December 2020

Tata Steel International (Shanghai) Limited

(Expressed in Renminbi Yuan)

4、 Other current assets

Items	2020-12-31	2019-12-31
Prepaid expenses – rent for office	25,944.76	54,586.66
Prepaid expenses – broadband fee	5,970.00	5,970.00
Total	31,914.76	60,556.66

5、 Fixed assets

项 目	Book value at the end of the year	Book value at the beginning of the year
fixed assets	89,565.73	28,780.85
Disposal of fixed assets		
合 计	89,565.73	28,780.85

(1) Fixed assets

Items	2019-12-31	Additions	Decreases	2020-12-31
1、 Total Cost	132,251.15	89,737.16	43,356.42	178,631.89
Including: Office equipment	132,251.15	89,737.16	43,356.42	178,631.89
2、 Total Accumulated depreciation	103,470.30	24,616.86	39,021.00	89,066.16
Including: Office equipment	103,470.30	24,616.86	39,021.00	89,066.16
3、 Provisions for impairment				
Including: Office equipment				
4、 Total net book value	28,780.85			89,565.73
Including: Office equipment	28,780.85			89,565.73

6、 Long term unamortized expenses

Item	2019-12-31	Current increase	Current amortization	Other reduction	2020-12-31	Other reasons for decrease
Decoration works	52,900.80	32,676.26	23,771.40		61,805.66	

Notes to Financial Statements

For the Year Ended 31 December 2020

Tata Steel International (Shanghai) Limited

(Expressed in Renminbi Yuan)

7. Taxes payable

Items	2020-12-31	2019-12-31
Value added tax	26,513.66	25,612.71
Corporate income tax	5,358.20	-5,665.75
City Maintenance and Construction	1,855.96	1,792.89
Additional Education Fee	795.41	768.38
Local Education Fee	530.27	512.25
Stamp duty	1,026.40	
Total	36,079.90	23,020.48

8. Other payables

Item	Ending bal.	Beginning bal.
Interest Payable		
Dividends Payable		
Other Payables	55.98	42,267.69
Total	55.98	42,267.69

(1) The aging analysis of Other payables:

Aging	2020-12-31		2019-12-31	
	Amount	ratio (%)	Amount	ratio (%)
Within 1 year	55.98	100.00	42,267.69	100.00
1-2 years				
Over 2 years				
Total	55.98	100.00	42,267.69	100.00

(2) Main content:

Content	Amount owed	Aging
Input tax to be deducted	55.98	Within 1 year

Notes to Financial Statements

For the Year Ended 31 December 2020

Tata Steel International (Shanghai) Limited

(Expressed in Renminbi Yuan)

9、Paid-in capital

Name of investor	2019-12-31	Increase this year	Decrease this year	2020-12-31	Proportion%
T S GLOBAL PROCUREMENT COMPANY PTE. LTD.	4,881,202.70 (USD 620000)			4,881,202.70 (USD 620000)	100.00
Total	4,881,202.70			4,881,202.70	100.00

The paid in capital at the end of the above period is consistent with the registered capital of the company. The above paid-in capital had been verified by No. SXSWYZ (2007) 6 Capital Verification Report issued by Shanghai Xiaotiancheng Certified Public Accountants Firm on January 25, 2007.

10、Capital Reserve

Item	Opening Balance	Increased this year	Decreased this year	Closing Balance
Allocation from capital reserve under former system (provision for accepting non-monetary asset donation)	60,000.00			60,000.00
Other capital reserve		2,018,805.99		2,018,805.99
Total	60,000.00	2,018,805.99		2,078,805.99

11、Surplus reserve

Item	Opening Balance	Increased this year	Decreased this year	Closing Balance
Statutory surplus reserve	361,467.44			361,467.44
Total	361,467.44			361,467.44

Notes to Financial Statements

For the Year Ended 31 December 2020

Tata Steel International (Shanghai) Limited

(Expressed in Renminbi Yuan)

12、 Retained earnings

Items	Amount
Retained earnings at beginning of year before	473,206.91
Add: Adjusted initial amount	
At beginning of the year	473,206.91
Add: Net profit	-1,932,222.69
Less: Surplus reserves	
Less: Distribution of ownership	
Less: Others	
At end of the year	-1,459,015.78

13、 Revenue and Cost of revenue

Items	2020		2019	
	Income	Cost	Income	Cost
1、 Prime operating income (subtotal)				
2、 Other operating income	3,957,207.45		3,927,230.05	
Total (subtotal)	3,957,207.45		3,927,230.05	

14、 Taxes and Surcharges

Items	2020	2019
City maintenance and construction surtax	13,143.50	12,224.69
Educational surtax and surcharge	5,632.93	5,239.16
Local educational surcharge	3,755.29	2717.85
Stamp duty	3,405.30	1,318.10
Total	25,937.02	21,499.80

Notes to Financial Statements

For the Year Ended 31 December 2020

Tata Steel International (Shanghai) Limited

(Expressed in Renminbi Yuan)

15. Administrative expenses

Items		2020	2019
Total		3,915,471.18	3,760,505.43
Mainly:	Salary	2,705,276.08	2,023,986.10
	Social insurance and housing funds	311,539.06	505,827.24
	Rent	305,664.99	343,702.80

16. Financial expenses

Items	2020	2019
Total	-43,697.52	-6,618.50
Including: Interest expenses		
Less: Interest income	10,288.85	9,109.87
Bank charges	2,556.00	2,568.00
Less: Exchange gain	35,964.67	76.63
Exchange loss		

17. Non-operating income and expense

Items	2020	2019
Total non-operating income	7,421.02	3,143.32
Including: Rebate received from tax bureau for withholding individual income tax for employees	7,421.02	3,143.32
Total non-operating expenses	86,563.68	
Including: Loss on inventory scrapping	82,210.30	
Loss on retirement of fixed assets	4,335.42	
Late fee	17.96	

Notes to Financial Statements

For the Year Ended 31 December 2020

Tata Steel International (Shanghai) Limited

(Expressed in Renminbi Yuan)

18. Income tax

Items	2020	2019
Income tax expense during the period	5,726.85	1,623.20
Total	5,726.85	1,623.20

The company's corporate income tax is subject to tax settlement.

VIII. Contingencies

As at the balance sheet dated December 31, 2020, the Company had no significant contingencies affecting the reading and understanding of financial statements.

IX. Commitments

As at the balance sheet dated December 31, 2020, the Company had no significant commitments affecting the reading and understanding of financial statements.

X. Events occurring after the balance sheet date

As at the financial statements for issuance (April 27, 2021), there is no Non-adjusting events in the events occurring after balance sheet occurred, which affects the reading and understanding of financial statements.

XI. Relationship and Transactions with Related Parties

1. Information about the Company's Parent Company

Name of parent company	Registered address	Business nature
T S GLOBAL PROCUREMENT COMPANY PTE. LTD.	22 Jining Road, Danrong, Singapore	Trading

Notes to Financial Statements

For the Year Ended 31 December 2020

Tata Steel International (Shanghai) Limited

(Expressed in Renminbi Yuan)

2. Proportion of shareholdings of the Parent Company in the Company

Item	Beginning Balance	Ending Balance
T S GLOBAL PROCUREMENT COMPANY PTE. LTD.	100.00%	100.00%

3. Transactions with Related Parties

(1) Purchase and Sale Transactions

Type of transaction	Name of entity	Nature of relationship	Amount of transaction	Pricing policy
1. Transactions with related parties for purchase of goods and acceptance of service				
None				
2. Transactions with related parties for sale of goods and rendering of service				
Rendering of service	T S GLOBAL PROCUREMENT COMPANY PTE. LTD.	Parent Company	4,194,639.92	Management fee plus 1%

(2) Amount Due from/ to Related Parties

Item and Entity	Ending Balance	Proportion to total amount of the project
Other Receivables		
T S GLOBAL PROCUREMENT COMPANY PTE. LTD.	2,867,094.26	96.54%

XII. Other significant events to be illustrated

None.

Tata Steel International (Shanghai) Limited
Statement of Adjustments to Taxable Amount of Income
for the year ended December 31, 2020

Unit: CNY

Item	Amount	Remark
I. Total Profits (tax returns)	-1,926,495.84	
II. Plus: Adjusted increase	2,041,032.89	
1. Entertainment expenses over allowed limit	1,570.80	
2. Late fee	17.96	
3. Other	2,039,444.13	Samples presented to customers
III. Less: Adjusted decrease		
1. Accrued bonus utilised during the year		
IV. Taxable amount of income after adjustment	114,537.05	

Note: The above taxable amount of income after adjustment is the opinion of the auditors, and the final determination on the taxable amount of income shall be subject to the final approval of the competent tax authority.