

# Auditor's Report

WELL. C. P. A (2022) No X

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 2021, 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 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 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

2022. x. x

[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, 2021

(CURRENCY: RMB)

Items	1	2021.12.31	2021.1.1	Items	73	2021.12.31	2021.1.1
<b>CURRENT ASSETS</b>	1	-	-	<b>CURRENT LIABILITIES</b>	73	-	-
Cash	2	3,045,040.10	2,263,333.61	Short-term loans	74		
△Deposit Reservation for Balance	3			△borrowings from central bank	75		
△Funds lent	4			△Customer deposit and interbank placement	76		
☆Transactional financial assets	5			△Loans from other banks	77		
Financial assets measured at fair value and changes recorded into current profit or loss	6			☆Transactional financial liabilities	78		
Derivative financial assets	7			Financial liabilities measured at fair value and changes recorded into current profit or loss	79		
Accounts and notes receivable	8			Derivative financial liabilities	80		
Payments in advance	9			Accounts and notes payable	81	140,669.87	
△Premiums receivable	10			Receipts in advance	82		
△Reinsurance receivables	11			☆obligation of contract	83		
△Receivable from subcontracting reserves	12			△financial assets sold for repurchase	84		
Other receivables	13	1,657,160.93	2,969,909.97	△Handling charges and commissions payable	85		
△Buying back the sale of financial assets	14			Wages payable	86		
Inventories	15	512,535.26	482,066.50	Including: Accrued payroll	87		
Including: raw material	16			Staff welfare payable	88		
Finished goods	17	512,535.26		#Staff bonus and welfare fund	89		
☆Contractual Assets	18			Taxes and dues payable	90	150,814.42	36,079.90
Assets held for sale	19			Including: Taxes payable	91	148,549.44	34,754.22
Long-term debt investments due within one year	20			Other payable	92	26,086.20	55.98
Other current assets	21	94,465.00	31,914.76	△Payable for Reinsurance	93		
<b>Total current assets</b>	22	5,309,201.29	5,747,224.84	△Insurance contract reserve	94		
<b>NON-CURRENT ASSETS</b>	23	-	-	△Receivings from Vicariously Traded Securities	95		
△Loans and advances	24			△Receivings from Vicariously Sold Securities	96		
☆Debt investments	25			Liabilities held for sale	97		
Financial assets available for sale	26			Long-term liabilities due within one year	98		
☆Other debt investment	27			Other current liabilities	99		
Investment held to maturity	28			<b>Total current liabilities</b>	100	317,570.49	36,135.88
Long-term receivable	29			<b>NON-CURRENT LIABILITIES</b>	101	-	-
Long-term equity investments	30			Long-term loans	102		
☆Other investments in equity instruments	31			Debentures payable	103		
☆Other non-current financial assets	32			Preferred Stock	104		
Property for investments	33			Perpetual debt	105		
Fixed assets	34	72,296.99	89,565.73	Long-term payables	106		
Construction in progress	35			Long-term wages payable	107		
Bearer biological assets	36			Contingent liabilities	108		
Oil and gas assets	37			Deferred revenue	109		
Intangible assets	38			Deferred income tax liabilities	110		
Development expenditure	39			Other long-term liabilities	111		
Goodwill	40			Special reserve fund	112		
Long-term deferred expenses	41	33,279.98	61,805.66	<b>Total non-current liabilities</b>	113		
Deferred tax assets	42			<b>Total liabilities</b>	114	317,570.49	36,135.88
Other long-term assets	43			<b>OWNERS' EQUITY:</b>	115	-	-
<b>Total non-current assets</b>	44	105,576.97	151,371.39	Paid-in capital	116	4,881,202.70	4,881,202.70
	45			government capital	117		
	46			Including: State-owned legal person's capital	118		
	47			Collective capital	119		
	48			Private capital	120		
	49			Personal capital	121		
	50			Foreign capital	122	4,881,202.70	4,881,202.70
	51			#Less: returned capital	123		
	52			Paid-in capital, net	124	4,881,202.70	4,881,202.70
	53			Other equity instruments	125		
	54			Preferred Stock	126		
	55			Perpetual debt	127		
	56			Capital surplus	128	2,078,805.99	2,078,805.99
	57			Less: Treasury shares	129		
	58			Other Comprehensive Income	130		
	59			Converted difference in Foreign Currency Statements	131		
	60			Special reserve	132		
	61			Surplus reserve	133	361,467.44	361,467.44
	62			Including: Statutory reserve	134	361,467.44	361,467.44
	63			Discretionary fund	135		
	64			#Reserve fund	136		
	65			#Enterprise development fund	137		
	66			#Profit on return of investment	138		
	67			△General risk provisions	139		
	68			Retained earnings	140	-2,224,268.36	-1,459,015.78
	69			Total equity attributable to equity holders of the Company	141	5,097,207.77	5,862,460.35
	70			*Minority interest	142		
	71			<b>Total owners' equity</b>	143	5,097,207.77	5,862,460.35
<b>Total assets</b>	72	5,414,778.26	5,898,596.23	<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>	144	5,414,778.26	5,898,596.23

# INCOME STATEMENT

Company Name : Tata Steel International (Shanghai) Limited

FOR THE YEAR ENDED 31 DECEMBER 2021

(CURRENCY: RMB)

Items	2021	2020	Items	2021	2020
Revenues	1	5,401,146.42	3,957,207.45	Debt restructuring gains	38
Revenues from main operations	2	5,401,146.42	3,957,207.45	Less: Non-operating expenses	39
△Interest income	3			Including: Debt restructuring losses	40
△Insurance premiums earned	4			<b>Total profit / (loss)</b>	41
△Handling charges and commission income	5			Less: Income taxes expenses	42
Costs	6	6,164,426.28	5,804,560.63	<b>Net profit / (loss)</b>	43
Cost of main operations	7	220,603.11		(1) Classification by ownership	44
△Interest expense	8			Net profits attributable to parent	45
△Handling charges and commission fee	9			*Minority shareholder's profit	46
△Surrender Value	10			(2) Classification according to business continuity	47
△Net payments for insurance claims	11			Income from continuing operations	48
△Net change in insurance contract reserves	12			Net profit from discontinued operations	49
△Policyholder dividend expense	13			6. Other Comprehensive net profit	50
△Reinsured expenses	14			Other comprehensive net profit attributable to parent	51
Tax and levies on operations	15	20,693.76	25,937.02	(1) Items not to be reclassified into profit or loss in subsequent periods	52
Selling and distribution expenses	16	951,277.95	1,906,849.95	1. Changes arising from remeasurement of net liabilities or assets of defined benefit plan	53
General and administrative expenses	17	4,962,883.71	3,915,471.18	2. Share in other comprehensive income of the investee that cannot be reclassified into profit	54
Party building work expenses	18			☆3.Other equity instruments classified as fair value	55
Research and development expense	19			☆4.Changes in the fair value of their own credit risk	56
Finance expenses	20	8,967.75	-43,697.52	5.Others	57
Including: interest expenses	21			(2) other comprehensive income of the investee that will be reclassified into profit	58
Interest income	22	7,976.80	10,288.85	1.other comprehensive income othat can be reclassified into profit under equity method	59
Exchange gains	23	11,497.66	-35,964.67	☆2.Other changes in fair value of debt investments	60
Exchange losses	24			3.Gains or losses from changes in fair value of available for sale financial assets	61
Loss of assets impairment	25			☆4.Reclassification of financial assets recognized in other comprehensive income amounts	62
☆Credit impairment losses	26			5.Reclassification of held-to-maturity investments as available for sale financial assets, gains and losses	63
Others	27			☆6.Bcreditor's rights investment depreciation reserves	64
Add: Other income	28			7.Cash flow hedging reserve	65
Investment income	29			8.Foreign currency translation differences	66
Investment income in associates and joint ventures	30			9.Other	67
△Foreign Exchange Income	31			*Other comprehensive income, net of tax attributable to minority shareholders	68
☆Net exposure hedging gains	32			7. Total comprehensive income	69
Changes of fair value assets	33			Total comprehensive income attributable to owners of the parent company	70
Gain on disposal of assets	34			*Comprehensive income attributable to minority shareholders	71
<b>Operating profit / (loss)</b>	35	-763,279.86	-1,847,353.18	8. Earnings per share:	72
Add: Non-operating income	36	4,689.04	7,421.02	Basic earnings per share	73
Including: government subsidy	37	4,689.04	7,421.02	Diluted earnings per share	74

# CASH FLOW STATEMENT

Company Name : Tata Steel International (Shanghai) Limited

FOR THE YEAR ENDED 31 DECEMBER 2021

(CURRENCY: RMB)

Items	2021	2020	Items	2021	2020
<b>1. Cash flows from operating activities</b>	1	-	Net cash received from disposal of fixed assets, intangible assets and other long-term assets	30	700.00
Cash received from sales of goods or rendering of services	2	7,202,685.57	Cash received from disposal of subsidiaries	31	
△Net increase in deposits from customers and due from banks and other financial institutions	3		Cash received relating to other investing activities	32	
△Net increase in borrowings from the central bank	4		<b>Sub-total of cash inflows</b>	33	700.00
△Net increase in loans from other financial institutions	5		Cash paid to acquire fixed assets, intangible assets and other long-term assets	34	89,737.16
△Cash received from receiving insurance premium of original insurance contract	6		Cash paid to acquire investments	35	
△Net cash received from reinsurance business	7		△Net increase in pledge loans	36	
△Net increase in deposits and investments from policyholders	8		Cash paid for acquisition of subsidiaries	37	
△Net increase received from disposal of financial assets measured at fair value through current profit and loss	9		Cash paid relating to other investing activities	38	
△Cash received from interests, handling charges and commissions	10		<b>Sub-total of cash outflows</b>	39	89,737.16
△Net increase in loans from banks and other financial institutions	11		<b>Net cash flows from investing activities</b>	40	-7,148.72
△Net capital increase in repurchase business	12		<b>3. Cash flows from financing activities</b>	41	-
Refunds of taxes	13	6,126.14	Cash received from capital contributions	42	
Other cash received relating to operating activities	14	18,874.38	*Including: Cash received by subsidiaries from investments by minority shareholders	43	
<b>Sub-total of cash inflows</b>	15	7,221,559.95	Cash received from borrowings	44	
Cash paid for goods and services	16	988,826.02	△Cash received from bonds issue	45	
△Net increase in customers' loans and advances	17		Cash received relating to other financing activities	46	
△Net increase in deposits with central bank and with banks and other financial institutions	18		<b>Sub-total of cash inflows</b>	47	
△Cash paid for original insurance contract claims	19		Cash repayments of amounts borrowed	48	
△Cash paid for interests, handling charges and commissions	20		Cash payments for interest expenses and distribution of dividends or profits	49	
△Cash paid for policy dividends	21		*Including: Dividends and profits paid to minority shareholders by subsidiaries	50	
Cash paid to and on behalf of employees	22	3,911,074.94	Cash payments relating to other financing activities	51	
Payments of taxes and levies	23	260,536.66	<b>Sub-total of cash outflows</b>	52	
Cash paid relating to other operating activities	24	1,260,769.46	<b>Net cash flows from financing activities</b>	53	
<b>Sub-total of cash outflows</b>	25	6,421,207.08	<b>4. Effect of foreign exchange rate changes on cash</b>	54	-11,497.66
<b>Net cash flows from operating activities</b>	26	800,352.87	<b>5. Net increase / (decrease) in cash</b>	55	781,706.49
<b>2. Cash flows from investing activities</b>	27	-	Add: cash equivalents at beginning of year	56	2,263,333.61
Cash received from disposal of investments	28		<b>6. Cash at end of year</b>	57	3,045,040.10
Cash received from returns on investments	29			58	2,263,333.61

# STATEMENT OF CHANGES IN EQUITY

Company Name : Tata Steel International (Shanghai) Limited

FOR THE YEAR ENDED 31 DECEMBER 2021

(CURRENCY: RMB)

Items	-	2020													Minority interests	Total owners' equity	
		Total equity attributable to equity holders of the Company											Sub-total				
		Paid-in capital	Other equity instruments			Capital surplus	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	△General risk reserves	Retained earnings		Othera			
16	Preferred stock	Perpetual debts	Other	20	21	22	23	24	25	26	27	28	29	30			
<b>1. At the end of prior year</b>	1	4,881,202.70				60,000.00					361,467.44		473,206.91		5,775,877.05		5,775,877.05
Add: Changes in accounting policies	2																
Correction of significant accounting errors	3																
Others	4																
<b>2. At the beginning of current year</b>	5	4,881,202.70				60,000.00					361,467.44		473,206.91		5,775,877.05		5,775,877.05
<b>3. Changes during the year</b>	6					2,018,805.99							-1,932,222.69		86,583.30		86,583.30
(1) total revenue	7												-1,932,222.69		-1,932,222.69		-1,932,222.69
(2) Increase/(decrease) in capital	8					2,018,805.99									2,018,805.99		2,018,805.99
1.Common shares contributed by shareholders	9						-	-			-		-				
2. Capital contributed by the holders of other equity instruments	10						-	-			-		-				
3. Amounts of share-based payments recognized in owners' equity	11						-	-			-		-				
4. Other	12					2,018,805.99									2,018,805.99		2,018,805.99
(3) Extraction and use of special reserves	13																
1. Extraction of special reserves	14																
2. Use of special reserves	15																
(4) Profit distribution	16																
1. Appropriation of surplus reserve	17																
Including: Statutory reserve	18																
Discretionary fund	19																
#Reserve fund	20																
#Expansion fund of enterprise	21																
#Profit on return of investment	22																
2. Extraction of general risk reserve	23																
3. Profit distributed to owners	24	-			-	-	-	-									
4.Other	25																
(5) Internal carry-forward of owner's equity	26																
1. conversion of capital reserve into paid-in capital	27						-	-			-		-			-	
2.conversion of capital reserve into paid-in capital	28						-	-			-		-			-	
3.surplus reserve offsetting losses	29	-			-	-	-	-								-	
4.setting profits change amount carry forward retained earnings	30																
☆5.other comprehensive income carry forward retained earnings	31																
5.others	32																
<b>4. At the end of current year</b>	33	4,881,202.70				2,078,805.99					361,467.44		-1,459,015.78		5,862,460.35		5,862,460.35



# STATEMENT OF CHANGES IN EQUITY

Company Name : Tata Steel International (Shanghai) Limited

FOR THE YEAR ENDED 31 DECEMBER 2021

(CURRENCY: RMB)

Items	2021														
	Total equity attributable to equity holders of the Company													Minority interests	Total owners' equity
	Paid-in capital	Other equity instruments			Capital surplus	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	△General risk reserves	Retained earnings	Othera	Sub-total		
		Preferred stock	Perpetual debts	Other											
-	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
<b>1. At the end of prior year</b>	1	4,881,202.70			2,078,805.99				361,467.44		-1,459,015.78		5,862,460.35		5,862,460.35
Add: Changes in accounting policies	2														
Correction of significant accounting errors	3														
Others	4														
<b>2. At the beginning of current year</b>	5	4,881,202.70			2,078,805.99				361,467.44		-1,459,015.78		5,862,460.35		5,862,460.35
<b>3. Changes during the year</b>	6										-765,252.58		-765,252.58		-765,252.58
(1) total revenue	7										-765,252.58		-765,252.58		-765,252.58
(2) Increase/(decrease) in capital	8														
1.Common shares contributed by shareholders	9						-	-			-				
2. Capital contributed by the holders of other equity instruments	10						-	-			-				
3. Amounts of share-based payments recognized in owners' equity	11						-	-			-				
4. Other	12														
(3) Extraction and use of special reserves	13														
1. Extraction of special reserves	14														
2. Use of special reserves	15														
(4) Profit distribution	16														
1. Appropriation of surplus reserve	17														
Including: Statutory reserve	18														
Discretionary fund	19														
#Reserve fund	20														
#Expansion fund of enterprise	21														
#Profit on return of investment	22														
2. Extraction of general risk reserve	23														
3. Profit distributed to owners	24	-			-	-	-	-							
4.Other	25														
(5) Internal carry-forward of owner's equity	26														
1. conversion of capital reserve into paid-in capital	27						-	-			-			-	
2.conversion of capital reserve into paid-in capital	28						-	-			-			-	
3.surplus reserve offsetting losses	29	-			-	-	-	-						-	
4.setting profits change amount carry forward retained earnings	30														
☆5.other comprehensive income carry forward retained earnings	31														
5.others	32														
<b>4. At the end of current year</b>	33	4,881,202.70			2,078,805.99				361,467.44		-2,224,268.36		5,097,207.77		5,097,207.77

Notes to Financial Statements

For the Year Ended 31 December 2021

Tata Steel International (Shanghai) Limited

(Expressed in Renminbi Yuan)

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**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, the company completed the filing procedures of government departments for investor changes in April 2021. 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**

①The 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.

②The 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.

③The 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.

④Unable 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 2021

Tata Steel International (Shanghai) Limited

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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 2021

Tata Steel International (Shanghai) Limited

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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 2021

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)	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%	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	2021-12-31			2020-12-31		
	Amount of original currency	Exchange rate	Translated to RMB	Amount of original currency	Exchange rate	Translated to RMB
Cash in bank			3,045,040.10			2,263,333.61
Including:RMB	3,040,964.62		3,040,964.62	2,258,905.87		2,258,905.87
USD	639.22	6.3757	4,075.48	678.59	6.5249	4,427.74
<b>Total</b>			<b>3,045,040.10</b>			<b>2,263,333.61</b>

## Notes to Financial Statements

For the Year Ended 31 December 2021

Tata Steel International (Shanghai) Limited

(Expressed in Renminbi Yuan)

**2、 Other receivables**

Item	Ending bal.	Beginning bal.
Interest receivable		
Dividends receivable		
Other receivable	1,657,160.93	2,969,909.97
合 计	1,657,160.93	2,969,909.97

**Other receivable****(1) Aging analysis**

Items	2021-12-31		2020-12-31	
	Balance	Provision for bad debts	Balance	Provision for bad debts
Within 1 year	1,556,800.21		2,868,597.25	
1-2 years	1,048.00		101,312.72	
Over 2 years	99,312.72			
Total	1,657,160.93		2,969,909.97	

**(2) Main debtors:**

Company's (Personal) names	Amount owed	Aging
Tata Steel Limited	726,589.93	Within 1 year
T S GLOBAL PROCUREMENT COMPANY PTE. LTD.	431,128.60	Within 1 year

**3、 Inventories**

Items	2021-12-31		2020-12-31	
	Balance	Provision for inventory devaluation	Balance	Provision for inventory devaluation
Finished goods	512,535.26			
Materials in transit			482,066.50	
Total	512,535.26		482,066.50	

## Notes to Financial Statements

For the Year Ended 31 December 2021

Tata Steel International (Shanghai) Limited

(Expressed in Renminbi Yuan)

**4、 Other current assets**

Items	2021-12-31	2020-12-31
Prepaid expenses – rent for office	88,495.00	25,944.76
Prepaid expenses – broadband fee	5,970.00	5,970.00
<b>Total</b>	<b>94,465.00</b>	<b>31,914.76</b>

**5、 Fixed assets**

项 目	Book value at the end of the year	Book value at the beginning of the year
fixed assets	72,296.99	89,565.73
Disposal of fixed assets		
<b>合 计</b>	<b>72,296.99</b>	<b>89,565.73</b>

**(1) Fixed assets**

Items	2020-12-31	Additions	Decreases	2021-12-31
<b>1、 Total Cost</b>	<b>178,631.89</b>	<b>7,848.72</b>	<b>57,258.44</b>	<b>129,222.17</b>
<b>Including: Office equipment</b>	<b>178,631.89</b>	<b>7,848.72</b>	<b>57,258.44</b>	<b>129,222.17</b>
<b>2、 Total Accumulated depreciation</b>	<b>89,066.16</b>	<b>17,755.70</b>	<b>49,896.68</b>	<b>56,925.18</b>
<b>Including: Office equipment</b>	<b>89,066.16</b>	<b>17,755.70</b>	<b>49,896.68</b>	<b>56,925.18</b>
<b>3、 Provisions for impairment</b>				
<b>Including: Office equipment</b>				
<b>4、 Total net book value</b>	<b>89,565.73</b>			<b>72,296.99</b>
<b>Including: Office equipment</b>	<b>89,565.73</b>			<b>72,296.99</b>

**6、 Long term unamortized expenses**

Item	2020-12-31	Current increase	Current amortization	Other reduction	2021-12-31	Other reasons for decrease
Decoration works	61,805.66		28,525.68		33,279.98	

## Notes to Financial Statements

For the Year Ended 31 December 2021

Tata Steel International (Shanghai) Limited

(Expressed in Renminbi Yuan)

**7、Accounts payable****(1) Aging analysis**

Aging	2021-12-31		2020-12-31	
	Amount	ratio (%)	Amount	ratio (%)
Within 1 year	140,669.87	100.00		
1-2 years				
Over 2 years				
<b>Total</b>	<b>140,669.87</b>	<b>100.00</b>		

**(2) Main creditors:**

Content	Amount owed	Aging
Tata Steel Ijmuiden BV	140,669.87	Within 1 year

**8、Taxes payable**

Items	2021-12-31	2020-12-31
Value added tax	45,299.67	26,513.66
Corporate income tax		5,358.20
City Maintenance and Construction	3,170.98	1,855.96
Additional Education Fee	1,358.99	795.41
Local Education Fee	905.99	530.27
Stamp duty	312.95	1,026.40
Personal income theory	99,765.84	
<b>Total</b>	<b>150,814.42</b>	<b>36,079.90</b>

**9、Other payables**

Item	Ending bal.	Beginning bal.
Interest Payable		
Dividends Payable		
Other Payables	26,086.20	55.98
<b>Total</b>	<b>26,086.20</b>	<b>55.98</b>

## Notes to Financial Statements

For the Year Ended 31 December 2021

Tata Steel International (Shanghai) Limited

(Expressed in Renminbi Yuan)

**(1) The aging analysis of Other payables:**

Aging	2021-12-31		2020-12-31	
	Amount	ratio (%)	Amount	ratio (%)
Within 1 year	26,086.20	100.00	55.98	100.00
1-2 years				
Over 2 years				
<b>Total</b>	<b>26,086.20</b>	<b>100.00</b>	<b>55.98</b>	<b>100.00</b>

**(2) Main content:**

Content	Amount owed	Aging
康柏思财务咨询有限公司	15,772.00	Within 1 year

**10、Paid-in capital**

Name of investor	2020-12-31	Increase this year	Decrease this year	2021-12-31	Proportion%
T S GLOBAL PROCUREMENT COMPANY PTE. LTD.	4,881,202.70 (USD 620000)			4,881,202.70 (USD 620000)	100.00
<b>Total</b>	<b>4,881,202.70</b>			<b>4,881,202.70</b>	<b>100.00</b>

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.

**11、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
<b>Total</b>	<b>2,078,805.99</b>			<b>2,078,805.99</b>

## Notes to Financial Statements

For the Year Ended 31 December 2021

Tata Steel International (Shanghai) Limited

(Expressed in Renminbi Yuan)

**12、 Surplus reserve**

Item	Opening Balance	Increased this year	Decreased this year	Closing Balance
Statutory surplus reserve	361,467.44			361,467.44
<b>Total</b>	<b>361,467.44</b>			<b>361,467.44</b>

**13、 Retained earnings**

Items	Amount
Retained earnings at beginning of year before	-1,459,015.78
Add: Adjusted initial amount	
At beginning of the year	-1,459,015.78
Add: Net profit	-765,252.58
Less: Surplus reserves	
Less: Distribution of ownership	
At end of the year	-2,224,268.36

**14、 Revenues and Cost of revenue**

Items	2021		2020	
	Income	Cost	Income	Cost
1、 Prime operating income (subtotal)	322,558.00	220,603.11		
2、 Other operating income	5,078,588.42		3,957,207.45	
<b>Total (subtotal)</b>	<b>5,401,146.42</b>	<b>220,603.11</b>	<b>3,957,207.45</b>	



## Notes to Financial Statements

For the Year Ended 31 December 2021

Tata Steel International (Shanghai) Limited

(Expressed in Renminbi Yuan)

**15、 Taxes and surcharges**

Items	2021	2020
City maintenance and construction surtax	11,888.81	13,143.50
Educational surtax and surcharge	5,095.20	5,632.93
Local educational surcharge	3,396.80	3,755.29
Stamp duty	312.95	3,405.30
<b>Total</b>	<b>20,693.76</b>	<b>25,937.02</b>

**16、 Selling expenses**

Items	2021	2020
<b>Total</b>	<b>951,277.95</b>	<b>1,906,849.95</b>
Mainly: Sample fee	946,494.42	1,906,849.95

**17、 Administrative expenses**

Items	2021	2020
<b>Total</b>	<b>4,962,883.71</b>	<b>3,915,471.18</b>
Mainly: Salary	3,212,082.69	2,705,276.08
Social insurance and housing funds	738,949.09	311,539.06
Rent	363,723.79	305,664.99

**18、 Financial expenses**

Items	2021	2020
<b>Total</b>	<b>8,967.75</b>	<b>-43,697.52</b>
Including: Interest expenses		
Less: Interest income	7,976.80	10,288.85
Bank charges	5,446.89	2,556.00
Less: Exchange gain		35,964.67
Exchange loss	11,497.66	

Notes to Financial Statements

For the Year Ended 31 December 2021

Tata Steel International (Shanghai) Limited

(Expressed in Renminbi Yuan)

**19、 Non-operating income and expense**

Items	2021	2020
<b>Total non-operating income</b>	<b>4,689.04</b>	<b>7,421.02</b>
<b>Including: Rebate received from tax bureau for withholding individual income tax for employees</b>	<b>4,689.04</b>	<b>7,421.02</b>
<b>Total non-operating expenses</b>	<b>6,661.76</b>	<b>86,563.68</b>
<b>Including: Loss on disposal of fixed assets</b>	<b>6,661.76</b>	
<b>Loss on inventory scrapping</b>		<b>82,210.30</b>
<b>Loss on retirement of fixed assets</b>		<b>4,335.42</b>
<b>Late fee</b>		<b>17.96</b>

**20、 Income tax**

Items	2021	2020
<b>Income tax expense during the period</b>		<b>5,726.85</b>
<b>Total</b>		<b>5,726.85</b>

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

**VIII. Relationship and Transactions with Related Parties**

**1. Information about the Company's Parent Company**

Name of parent company	Registered address	Business nature
<b>T S GLOBAL PROCUREMENT COMPANY PTE. LTD.</b>	<b>22 Tanjong Kling Road, Singapore 628048</b>	<b>Trading</b>

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

Item	Beginning Balance	Ending Balance
<b>T S GLOBAL PROCUREMENT COMPANY PTE. LTD.</b>	<b>100.00%</b>	<b>100.00%</b>

Notes to Financial Statements

For the Year Ended 31 December 2021

Tata Steel International (Shanghai) Limited

(Expressed in Renminbi Yuan)

**3. Other related parties**

Name of related party	Association relationship
Tata Steel Limited	Ultimate parent company
Tata Steel Ijmuiden BV	Other related parties
Surahammer Bruks AB	Other related parties
Tata Steel UK Limited	Other related parties

**4. Transactions with Related Parties**

**(1) Purchase and Sale Transactions**

Type of transaction	Name of entity	Nature of relationship	Amount of transaction	Pricing policy
<b>1. Transactions with related parties for purchase of goods and acceptance of service</b>				
Purchase goods	Surahammer Bruks AB	Other related parties	538,170.36	At market price
Purchase goods	Tata Steel Ijmuiden BV	Other related parties	140,528.67	At market price
Complimentary goods	Tata Steel Ijmuiden BV	Other related parties	400,017.54	At market price
Complimentary goods	Tata Steel UK Limited	Other related parties	697,360.74	At market price
<b>2. Transactions with related parties for sale of goods and rendering of service</b>				
Rendering of service	T S GLOBAL PROCUREMENT COMPANY PTE. LTD.	Parent Company	4,402,229.30	Management fee plus 1%
Rendering of service	Tata Steel Limited	Ultimate parent company	726,589.93	Management fee plus 7%
Rendering of service	Tata Steel Ijmuiden BV	Other related parties	244,742.79	Management fee plus 7%

**(2) Amount Due from/ to Related Parties**

Item and Entity	Ending Balance	Beginning Balance
<b>Other Receivables</b>		
T S GLOBAL PROCUREMENT COMPANY PTE. LTD.	431,128.60	2,867,094.26
Tata Steel Ijmuiden BV	244,742.79	
Tata Steel Limited	726,589.93	
<b>Accounts payable</b>		
Tata Steel Ijmuiden BV	140,669.87	

Notes to Financial Statements

For the Year Ended 31 December 2021

Tata Steel International (Shanghai) Limited

(Expressed in Renminbi Yuan)

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**IX. Contingencies**

As at the balance sheet dated December 31, 2021, the Company had no significant contingencies affecting the reading and understanding of financial statements.

**X. Commitments**

As at the balance sheet dated December 31, 2021, the Company had no significant commitments affecting the reading and understanding of financial statements.

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

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

**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, 2021**

Unit: CNY

Item	Amount	Remark
I. Total Profits (tax returns)	-765,252.58	
II. Plus: Adjusted increase	17,402.26	
1. Entertainment expenses over allowed limit	456.80	
2. Other	16,945.46	Gross profit of samples presented to customers
III. Less: Adjusted decrease		
1. Accrued bonus utilised during the year		
IV. Taxable amount of income after adjustment	-747,850.32	

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.