



上海华皓会计师事务所

Shanghai Well C.P.A. Partnership

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Auditor's Report

WELL. C. P. A (2020) No. 167

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 2019, 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: Cheng Hao
(General Partnership)

China Certified Public Accountant: Chen Ying

Shanghai, China

2020. 3. 24

[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: J. Infra-Steel International (Shanghai) Limited

AS OF DECEMBER 31, 2019

(CURRENCY: RMB)

Items	2019.12.31	2019.1.1	Items	2019.12.31	2019.1.1	Items	2019.12.31	2019.1.1	2019.1.1
CURRENT ASSETS			CURRENT LIABILITIES						
Cash	3,036,365.94	3,139,251.66	Short-term loans						
△Deposit Reservation for Balance			△Borrowings from central bank						
△Funds lent			△Customer deposit and interbank placement						
△Transactional financial assets			△Loans from other banks						
Financial assets measured at fair value and changes recorded into current profit or loss			△Transactional financial liabilities						
Derivative financial assets			Financial liabilities measured at fair value and changes recorded into current profit or loss						
Accounts and notes receivable			Derivative financial liabilities						
Payments in advance			Accounts and notes payable						
△Premiums receivable			Receipts in advance						
△Reinsurance receivables			△obligation of contract						
△Receivable from subcontracting reserves			△financial assets sold for repurchase						
Other receivables	2,592,292.76	2,470,113.76	△Handling charges and commissions payable						
△Buying back the sale of financial assets			Wages payable						
Inventories	70,265.21	70,265.21	Including: Accrued payroll						
Including: raw material			Staff welfare payable						
Finished goods			△Staff bonus and welfare fund						
△Contractual Assets			Taxes and dues payable						
Assets held for sale			Including: Taxes payable						
Long-term debt investments due within one year			Other payable						
Other current assets	60,556.66	34,611.90	△Payable for Reinsurance						
Total current assets	5,759,483.57	5,714,242.53	△Insurance contract reserve						
NON-CURRENT ASSETS			△Receivings from Vicariously Traded Securities						
△Loans and advances			△Receivings from Vicariously Sold Securities						
△Debt investments			Liabilities held for sale						
Financial assets available for sale			Long-term liabilities due within one year						
△Other debt investment			Other current liabilities						
Investment held to maturity			Total current liabilities						
Long-term receivable				100	100		65,288.17	133,407.59	
Long-term equity investments			NON-CURRENT LIABILITIES						
△Other investments in equity instruments			Long-term loans						
△Other non-current financial assets			Debtmatures payable						
Property for investments			Preferred Stock						
Fixed assets			Perpetual debt						
Construction in progress	28,780.85	41,678.57	Long-term payables						
Beaver biological assets			Contingent liabilities						
Oil and gas assets			Deferred revenue						
Intangible assets			Deferred income tax liabilities						
Development expenditure			Other long-term liabilities						
Goodwill			Special reserve fund						
Long-term deferred expenses			Total non-current liabilities						
Deferred tax assets	52,900.80			113	114		65,288.17	133,407.59	
Other long-term assets			Total liabilities						
Total non-current assets			OWNERS' EQUITY:						
			Paid-in capital						
			government capital						
			Including: State-owned legal person's capital						
			Collective capital						
			Private capital						
			Personal capital						
			Foreign capital						
			#Less: returned capital						
			Paid-in capital, net						
			Other equity instruments						
			Preferred Stock						
			Perpetual debt						
			Capital surplus						
			Less: Treasury shares						
			Other Comprehensive Income						
			Converted difference in Foreign Currency Statements						
			Surplus reserve						
			Including: Statutory reserve						
			#Reserve fund						
			#Enterprise development fund						
			#Profit on return of investment						
			△General risk provisions						
			Retained earnings						
			Total equity, attributable to equity holders of the Company						
			**Minority interest						
			Total owners' equity						
			TOTAL LIABILITIES AND OWNERS' EQUITY						
				71	72		5,841,165.22	5,755,921.10	5,841,165.22
				72	71		5,841,165.22	5,755,921.10	5,841,165.22

INCOME STATEMENT

Company Name : Tata Steel International (Shanghai) Limited

FOR THE YEAR ENDED 31 DECEMBER 2019

(CURRENCY: RMB)

Items	2019	2018	Items	2019	2018
Revenues					
Revenues from main operations	3,927,230.05	4,144,818.51	Debt restructuring gains	38	
△Interest income	3,927,230.05	4,144,818.51	Less: Non-operating expenses	39	
△Insurance premiums earned			Including: Debt restructuring losses	40	
△Handling charges and commission income			Total profit / (loss)	41	381,083.81
Costs			Less: Income taxes expenses	42	8,868.32
Cost of main operations	3,775,386.73	3,769,629.52	Net profit / (loss)	43	372,215.49
△Interest expense			(1) Classification by ownership	44	
△Handling charges and commission fee			Net profits attributable to parent	45	372,215.49
△Surrender Value			*Minority shareholder's profit	46	0.00
△Net payments for insurance claims			(2) Classification according to business continuity	47	
△Net change in insurance contract reserves			Income from continuing operations	48	
△Policyholder dividend expense			Net profit from discontinued operations	49	
△Reinsured expenses			6、Other Comprehensive net profit	50	
Tax and levies on operations	21,499.80	26,925.04	Other comprehensive net profit attributable to parent	51	
Selling and distribution expenses			(1) Items not to be reclassified into profit or loss in subsequent periods	52	
General and administrative expenses	3,760,505.43	3,783,080.79	1. Changes arising from remeasurement of net liabilities or assets of defined benefit plan	53	
Party building work expenses			2. Share in other comprehensive income of the investee that cannot be reclassified into profit	54	
Research and development expense			☆3. Other equity instruments classified as fair value	55	
Finance expenses	-6,618.50	-40,376.31	☆4. Changes in the fair value of their own credit risk	56	
Including: interest expenses			5. Others	57	
Interest income	9,109.87	11,108.42	(2) other comprehensive income of the investee that will be reclassified into profit	58	
Exchange gains	76.63	74,856.41	1. other comprehensive income othat can be reclassified into profit under equity method	59	
Exchange losses			☆2. Other changes in fair value of debt investments	60	
Loss of assets impairment			3. Gains or losses from changes in fair value of available for sale financial assets	61	
☆Credit impairment losses			☆4. Reclassification of financial assets recognized in other sale financial assets, gains and losses	62	
Others			5. Reclassification of held-to-maturity investments as available for sale financial assets, gains and losses	63	
Add: Other income			☆6. Bercreditor's rights investment depreciation reserves	64	
Investment income			7. Cash flow hedging reserve	65	
Investment income in associates and joint ventures			8. Foreign currency translation differences	66	
△Foreign Exchange Income			9. Other	67	
☆Net exposure hedging gains			*Other comprehensive income, net of tax attributable to minority	68	
Changes of fair value assets			7. Total comprehensive income	69	153,363.54
Gain on disposal of assets			Total comprehensive income attributable to owners of the parent company	70	153,363.54
Operating profit / (loss)	151,843.32	375,188.99	*Comprehensive income attributable to minority shareholders	71	
Add: Non-operating income	3,143.42	5,894.82	8. Earnings per share:	72	
Including: government subsidy			Basic earnings per share	73	
			Diluted earnings per share	74	

CASH FLOW STATEMENT

Company Name : Tata Steel International (Shanghai) Limited FOR THE YEAR ENDED 31 DECEMBER 2019 (CURRENCY: RMB)

Items	2019	2018	Items	2019	2018
1. Cash flows from operating activities			Net cash received from disposal of fixed assets, intangible assets and other long-term assets		
Cash received from sales of goods or rendering of services	4,146,018.53	8,955,923.31	Cash received from disposal of subsidiaries		
△Net increase in deposits from customers and due from banks and other financial institutions			Cash received relating to other investing activities		
△Net increase in borrowings from the central bank			Sub-total of cash inflows		
△Net increase in loans from other financial institutions			Cash paid to acquire fixed assets, intangible assets and other long-term assets	52,900.80	
△Cash received from receiving insurance premium of original insurance contract			Cash paid to acquire investments		
△Net cash received from reinsurance business			△Net increase in pledge loans		
△Net increase in deposits and investments from policyholders			Cash paid for acquisition of subsidiaries		
△Net increase received from disposal of financial assets measured at fair value through current profit and loss			Cash paid relating to other investing activities		
△Cash received from interests, handling charges and commissions			Sub-total of cash outflows		8,890.00
△Net increase in loans from banks and other financial institutions			Net cash flows from investing activities	52,900.80	-8,890.00
△Net capital increase in repurchase business			3. Cash flows from financing activities		
Refunds of taxes	29,240.06		Cash received from capital contributions		
Other cash received relating to operating activities	27,159.87	17,003.24	* Including: Cash received by subsidiaries from investments by minority shareholders		
Sub-total of cash inflows	4,202,418.46	8,972,926.55	Cash received from borrowings		
Cash paid for goods and services			△Cash received from bonds issue		
△Net increase in customers' loans and advances			Cash received relating to other financing activities		
△Net increase in deposits with central bank and with banks and other financial institutions			Sub-total of cash inflows		
△Cash paid for original insurance contract claims			Cash repayments of amounts borrowed		
△Cash paid for interests, handling charges and commissions			Cash payments for interest expenses and distribution of dividends or profits		
△Cash paid for policy dividends			* Including: Dividends and profits paid to minority shareholders by subsidiaries		
Cash paid to and on behalf of employees	2,685,365.87	2,700,938.64	Cash payments relating to other financing activities		
Payments of taxes and levies	205,193.55	300,653.54	Sub-total of cash outflows		2,780,000.00
Cash paid relating to other operating activities	1,361,717.59	1,519,233.02	Net cash flows from financing activities		-2,780,000.00
Sub-total of cash outflows	4,252,477.01	4,520,825.20	4. Effect of foreign exchange rate changes on cash		
Net cash flows from operating activities	-50,058.55	4,452,101.35	5. Net increase / (decrease) in cash	76.63	34,955.08
2. Cash flows from investing activities			Add: cash equivalents at beginning of year	3,139,251.66	1,432,195.23
Cash received from disposal of investments			6. Cash at end of year	3,036,308.94	3,139,251.66
Cash received from returns on investments					

I. Corporate information

The company was invested and established by Tata Steel International (Asia) Limited on June 8, 2006. The investors of the company changed from Tata Steel International (Asia) limited to Tata Steel International (Singapore) Holdings PTE. Ltd. on July 31, 2018. 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 statement

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 installment 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.

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

Notes to Financial Statements

For the Year Ended 31 December 2019

Tata Steel International (Shanghai) Limited

(Expressed in Renminbi Yuan)

<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 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

Notes to Financial Statements

For the Year Ended 31 December 2019

Tata Steel International (Shanghai) Limited

(Expressed in Renminbi Yuan)

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.

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

Notes to Financial Statements

For the Year Ended 31 December 2019

Tata Steel International (Shanghai) Limited

(Expressed in Renminbi Yuan)

Educational surtax and surcharge	3%	Turnover tax payable
Local educational surcharge	2% or 1%	Turnover tax payable

According to the enterprise income tax law of the people's Republic of China and its implementing regulations, the Ministry of Finance According to the Circular of the State Administration of Taxation on the implementation of the inclusive tax relief policy for small and micro enterprises (CS [2019] No. 13) and other provisions, from January 1, 2019 to December 31, 2021, the part of the annual taxable income of small and micro profit enterprises not exceeding 1 million yuan shall be included in the taxable income by 25%, and the enterprise income tax shall be paid by 20%.

VI. Changes in accounting polices ,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	2019-12-31			2018-12-31		
	Amount of original currency	Exchange rate	Translated to RMB	Amount of original currency	Exchange rate	Translated to RMB
Cash in bank			3,036,368.94			3,139,251.66
Including:RMB	3,031,636.84		3,031,636.84	3,134,598.69		3,134,598.69
USD	678.32	6.9762	4,732.10	677.96	6.8632	4,652.97
Total			3,036,368.94			3,139,251.66

Notes to Financial Statements

For the Year Ended 31 December 2019

Tata Steel International (Shanghai) Limited

(Expressed in Renminbi Yuan)

2、Other receivables

Item	Ending bal.	Beginning bal.
Interest receivable		
Dividends receivable		
Other receivable	2,592,292.76	2,470,113.76
合 计	2,592,292.76	2,470,113.76

Other receivable**(1) Aging analysis**

Items	2019-12-31		2018-12-31	
	Balance	Provision for bad debts	Balance	Provision for bad debts
Within 1 year	2,481,337.08		2,359,158.08	
1-2 years			12,382.95	
Over 2 years	110,995.68		98,572.73	
Total	2,592,292.76		2,470,113.76	

(2) Main debtors:

Company's (Personal) names	Amount owed	Aging
Zhongguang development real estate (Shanghai) Co., Ltd	97,358.64	Within 1 year (including 1 year)
	106,874.16	More than 2 years
Tata Steel International (Singapore) Holdings Pte. Ltd.	2,379,845.94	Within 1 year (including 1 year)

3、Inventories

Items	2019-12-31		2018-12-31	
	Balance	Provision for inventory devaluation	Balance	Provision for inventory devaluation
Finished goods	70,265.21		70,265.21	
Total	70,265.21		70,265.21	

Notes to Financial Statements

For the Year Ended 31 December 2019

Tata Steel International (Shanghai) Limited

(Expressed in Renminbi Yuan)

4、 Other current assets

Items	2019-12-31	2018-12-31
Prepaid expenses – rent for office	54,586.66	28,641.90
Prepaid expenses – broadband fee	5,970.00	5,970.00
Total	60,556.66	34,611.90

5、 Fixed assets

项 目	Book value at the end of the year	Book value at the beginning of the year
fixed assets	28,780.85	41,678.57
Disposal of fixed assets		
合 计	28,780.85	41,678.57

(1) Fixed assets

Items	2018-12-31	Additions	Decreases	2019-12-31
1、 Total Cost	132,251.15			132,251.15
Including: Office equipment	132,251.15			132,251.15
2、 Total Accumulated depreciation	90,572.58	12,897.72		103,470.30
Including: Office equipment	90,572.58	12,897.72		103,470.30
3、 Provisions for impairment				
Including: Office equipment				
4、 Total net book value	41,678.57			28,780.85
Including: Office equipment	41,678.57			28,780.85

Notes to Financial Statements

For the Year Ended 31 December 2019

Tata Steel International (Shanghai) Limited

(Expressed in Renminbi Yuan)

6、 Long term unamortized expenses

Item	2018-12-31	Current increase	Current amortization	Other reduction	2019-12-31	Other reasons for decrease
Decoration works		52,900.80			52,900.80	
合计		52,900.80			52,900.80	

7、 Taxes payable

Items	2019-12-31	2018-12-31
Value added tax	25,612.71	26,452.57
City Maintenance and Construction	1,792.89	1,851.68
Additional Education Fee	768.38	793.58
Local Education Fee	512.25	264.53
Corporate income tax	-5,665.75	-28,150.03
Total	23,020.48	1,212.33

8、 Other payables

Item	Ending bal.	Beginning bal.
Interest Payable		
Dividends Payable		
Other Payables	42,267.69	132,195.26
Total	42,267.69	132,195.26

(1) The aging analysis of Other payables:

Aging	2019-12-31		2018-12-31	
	Amount	ratio (%)	Amount	ratio (%)
Within 1 year	42,267.69	100.00	6,922.10	5.24
1-2 years			125,273.16	94.76

Notes to Financial Statements

For the Year Ended 31 December 2019

Tata Steel International (Shanghai) Limited (Expressed in Renminbi Yuan)

Over 2 years				
Total	42,267.69	100.00	132,195.26	100.00

(2) Main content:

Content	Amount owed	Aging
Shanghai Huihai Ticket Service Co., Ltd	41,462.00	Within 1 year (including 1 year)

9、Paid-in capital

Name of investor	2018-12-31	Increase this year	Decrease this year	2019-12-31	Proportion%
Tata Steel International (Singapore) Holdings Pte. Ltd.	4,881,202.70 (USD 62 万元)			4,881,202.70 (USD 62 万元)	100.00
合计	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
Total	60,000.00			60,000.00

11、Surplus reserve

Item	Opening Balance	Increased this year	Decreased this year	Closing Balance
Statutory surplus reserve	343,170.65	18,296.79		361,467.44
Total	343,170.65	18,296.79		361,467.44

Notes to Financial Statements

For the Year Ended 31 December 2019

Tata Steel International (Shanghai) Limited

(Expressed in Renminbi Yuan)

12、 Retained earnings

Items	Amount
Retained earnings at beginning of year before	338,140.16
Add: Adjusted initial amount	
At beginning of the year	338,140.16
Add: Net profit	153,363.54
Less: Surplus reserves	18,296.79
Less: Distribution of ownership	
Less: Others	
At end of the year	473,206.91

13、 enue and Cost of revenue

Items	2019		2018	
	Income	Cost	Income	Cost
1、 Prime operating income (subtotal)				
2、 Other operating income	3,927,230.05		4,144,818.51	
Total (subtotal)	3,927,230.05		4,144,818.51	

14、 and Surcharges

Items	2019	2018
City maintenance and construction surtax	12,224.69	16,355.35
Educational surtax and surcharge	5,239.16	7,009.44
Local educational surcharge	2717.85	3,555.25
Stamp duty	1,318.10	5.00
Total	21,499.80	26,925.04

Notes to Financial Statements

For the Year Ended 31 December 2019

Tata Steel International (Shanghai) Limited

(Expressed in Renminbi Yuan)

15. Administrative expenses

Items		2019	2018
Total		3,760,505.43	3,783,080.79
Mainly:	Salary	2,023,986.10	1,777,402.57
	Social insurance and housing funds	505,827.24	473,209.78
	Rent	343,702.80	343,702.80

16. Financial expenses

Items	2019	2018
Total	-6,618.50	-40,376.31
Including: Interest expenses		
Less: Interest income	9,109.87	11,108.42
Bank charges	2,568.00	5,687.19
Less: Exchange gain	76.63	74,856.41
Exchange loss		39,901.33

17. Non-operating income and expense

Items	2019	2018
Total non-operating income	3,143.32	5,894.82
Including: Rebate received from tax bureau for withholding individual income tax for employees	3,143.32	5,894.82

18. Income tax

Items	2019	2018
Income tax expense during the period	1,623.20	8,868.32
Total	1,623.20	8,868.32

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

Notes to Financial Statements

For the Year Ended 31 December 2019

Tata Steel International (Shanghai) Limited

(Expressed in Renminbi Yuan)

VIII. Contingencies

As at the balance sheet date(December. 31, 2019, the Company had no significant contingencies affecting the reading and understanding of financial statements.

IX. Commitments

As at the balance sheet date (December. 31, 2019, 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 (Mar .24, 2020), 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
Tata Steel International (Singapore) Holdings Pte. Ltd.	22 Jining Road, Danrong, Singapore	Trading

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

Item	Beginning Balance	Ending Balance
Tata Steel International (Singapore) Holdings Pte. Ltd.	100.00%	100.00%

Notes to Financial Statements

For the Year Ended 31 December 2019

Tata Steel International (Shanghai) Limited

(Expressed in Renminbi Yuan)

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				
2. Transactions with related parties for sale of goods and rendering of service				
Rendering of service	Tata Steel International (Singapore) Holdings Pte. Ltd.	Parent Company	4,162,863.85	Management fee plus 1%

(2) Security for Related Parties: None

(3) Amount Due from/ to Related Parties

Item and Entity	Ending Balance	Proportion to total amount of the project
Other Receivables		
Tata Steel International (Singapore) Holdings Pte. Ltd.	2,379,845.94	91.80%

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, 2019

Unit: CNY

Item	Amount	Remark
I. Total Profits (tax returns)	154,986.74	
II. Plus: Adjusted increase	2,750.40	
1. Entertainment expenses over allowed limit	2,750.40	
III. Less: Adjusted decrease	125,273.16	
1. Accrued bonus utilised during the year	125,273.16	
IV. Taxable amount of income after adjustment	32,463.98	

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.