



上海华皓会计师事务所(普通合伙)

Shanghai Well C.P.A. Partnership

Auditor's Report

HHSC (2023) No. 292

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 2022, 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

2023. 4. 19

[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, 2022

(CURRENCY: RMB)

Items	2022.12.31	2022.1.1	Items	2022.12.31	2022.1.1	73	2022.12.31	2022.1.1	74
CURRENT ASSETS			CURRENT LIABILITIES						
Cash	3,046,028.01	3,045,040.10	Short-term loans						
△Deposit Reservation for Balance			△Borrowings from central bank						
△Funds lent			△Customer deposit and interbank placement						
△Transitional financial assets			△Loans from other banks						
Financial assets measured at fair value and changes recorded into current profit or loss			☆Transitional 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	2,259,861.64	1,657,160.93	△Handling charges and commissions payable						
△Buying back the sale of financial assets			Wages payable						
Inventories	376,990.54	512,535.26	Including: Accrued payroll						
Including: raw material			Staff welfare payable						
Finished goods	376,990.54	512,535.26	#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	87,947.62	94,465.00	△Payable for Reinsurance						
Total current assets	5,770,787.81	5,309,201.29	△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						
Assets held for sale			Other current liabilities						
☆Other debt investment			Total current liabilities						
Investment held to maturity			NON-CURRENT LIABILITIES						
Long-term receivable			Long-term loans						
Long-term equity investments			Debentures payable						
☆Other investments in equity instruments			Preferred Stock						
☆Other non-current financial assets			Perpetual debt						
Property for investments			Long-term payables						
Fixed assets	106,393.62	72,296.99	Long-term wages payable						
Construction in progress			Contingent liabilities						
Bearer biological assets			Deferred revenue						
Oil and gas assets			Deferred income tax liabilities						
Intangible assets			Other long-term liabilities						
Development expenditure			Special reserve fund						
Goodwill			Total non-current liabilities						
Long-term deferred expenses			Total liabilities						
Deferred tax assets			OWNERS' EQUITY:						
Other long-term assets	4,754.42	33,279.98	Paid-in capital						
Total non-current assets	111,148.04	105,576.97	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						
			Discretionary fund						
			#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	5,881,935.85	5,414,778.26				
			TOTAL LIABILITIES AND OWNERS' EQUITY	5,881,935.85	5,414,778.26				

INCOME STATEMENT

Company Name : Taita Steel International (Shanghai) Limited

FOR THE YEAR ENDED 31 DECEMBER 2022

(CURRENCY: RMB)

Items	2022	2021	Items	2022	2021
Revenues					
Revenues from main operations	9,605,834.66	5,401,146.42	Debt restructuring gains		38
△Interest income	9,605,834.66	5,401,146.42	Less: Non-operating expenses		39
△Insurance premiums earned			Including: Debt restructuring losses		40
△Handling charges and commission income			Total profit / (loss)	521,338.45	-765,252.58
Costs			Less: Income taxes expenses		42
Cost of main operations	9,092,023.29	6,164,426.28	Net profit / (loss)	521,338.45	-765,252.58
△Interest expense	81,350.13	220,603.11	(1) Classification by ownership		44
△Handling charges and commission fee			Net profits attributable to parent	521,338.45	-765,252.58
△Surrender Value			*Minority shareholder's profit		46
△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	30,602.73	20,693.76	Other comprehensive net profit attributable to parent		51
Selling and distribution expenses	41,365.35	951,277.95	(1) Items not to be reclassified into profit or loss in subsequent periods		52
General and administrative expenses	9,107,372.16	4,962,883.71	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	-168,667.08	8,967.75	☆4 Changes in the fair value of their own credit risk		56
Including: interest expenses			5 Others		57
Interest income	6,638.25	7,976.80	(2) other comprehensive income of the investee that will be reclassified into profit		58
Exchange gains	-165,078.58	11,497.66	1. other comprehensive income that 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 comprehensive income		62
Others			5. Reclassification of held-to-maturity investments as available for sale financial assets, gains and losses		63
Add: Other income			☆6. Creditor'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 shareholders		68
Changes of fair value assets			7. Total comprehensive income	521,338.45	-765,252.58
Gain on disposal of assets			Total comprehensive income attributable to owners of the parent company	521,338.45	-765,252.58
Operating profit / (loss)	513,811.37	-763,279.86	*Comprehensive income attributable to minority shareholders		71
Add: Non-operating income	7,527.08	4,689.04	8. Earnings per share:		72
Including: government subsidy			Basic earnings per share		73
			Diluted earnings per share		74

CASH FLOW STATEMENT

Company Name : Tara Steel International (Shanghai) Limited

FOR THE YEAR ENDED 31 DECEMBER 2022

(CURRENCY: RMB)

Items	2022	2021	Items	2022	2021
1. Cash flows from operating activities					
Cash received from sales of goods or rendering of services	9,397,828.10	7,202,685.57	Net cash received from disposal of fixed assets, intangible assets and other long-term assets		700.00
△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		700.00
△Cash received from receiving insurance premium of original insurance contract			Cash paid to acquire fixed assets, intangible assets and other long-term assets	52,460.18	7,848.72
△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	52,460.18	7,848.72
△Net capital increase in repurchase business			Net cash flows from investing activities	-52,460.18	-7,148.72
Refunds of taxes			3. Cash flows from financing activities		
Other cash received relating to operating activities	340,747.98	18,874.38	Cash received from capital contributions		
Sub-total of cash inflows	9,738,576.08	7,221,559.95	*Including: Cash received by subsidiaries from investments by minority shareholders		
Cash paid for goods and services	162,951.95	988,826.02	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 amount 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	7,826,329.73	3,911,074.94	*Including: Dividends and profits paid to minority shareholders by subsidiaries		
Payments of taxes and levies	528,782.26	260,536.66	Cash payments relating to other financing activities		
Cash paid relating to other operating activities	1,332,142.63	1,260,769.46	Sub-total of cash outflows		
Sub-total of cash outflows	9,850,206.57	6,421,207.08	Net cash flows from financing activities		
Net cash flows from operating activities	-111,630.49	800,352.87	4. Effect of foreign exchange rate changes on cash	165,078.58	-11,497.66
2. Cash flows from investing activities			5. Net increase / (decrease) in cash	987.91	781,706.49
Cash received from disposal of investments			Add cash equivalents at beginning of year		2,263,333.61
Cash received from returns on investments			6. Cash at end of year	3,045,040.10	3,045,040.10

STATEMENT OF CHANGES IN EQUITY

Company Name : Tata Steel International (Shanghai) Limited

FOR THE YEAR ENDED 31 DECEMBER 2022

(CURRENCY: RMB)

Items	2021													Total owners' equity	
	Total equity attributable to equity holders of the Company														
	Paid-in capital		Other equity instruments			Capital surplus	(Less: Treasury stock)	Other comprehensive income	Special reserve	Surplus reserve	(General risk reserve)	Retained earnings	Others		Sub-total
	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
1. At the end of prior year	4,881,202.70				60,000.00				361,467.44		-1,459,015.78		3,843,654.36	29	30
Add: Changes in accounting policies															
Correction of significant accounting errors															
Others															
2. At the beginning of current year	4,881,202.70				60,000.00				361,467.44		-1,459,015.78		3,843,654.36		
3. Changes during the year					2,018,805.99						-765,252.58		1,253,553.41		
(1) total revenue															
(2) Increase/(decrease) in capital															
1.Common shares contributed by shareholders					2,018,805.99						-765,252.58		-765,252.58		
2. Capital contributed by the holders of other equity instruments															
3. Amounts of share-based payments recognized in owners' equity															
4. Other															
(3) Extraction and use of special reserves					2,018,805.99								2,018,805.99		
1. Extraction of special reserves															
2. Use of special reserves															
(4) Profit distribution															
1. Appropriation of surplus reserve															
Including: Statutory reserve															
Discretionary fund															
#Reserve fund															
#Expansion fund of enterprise															
#Profit on return of investment															
2. Extraction of general risk reserve															
3. Profit distributed to owners															
4.Other															
(5) Internal carry-forward of owner's equity															
1. conversion of capital reserve into paid-in capital															
2.conversion of capital reserve into paid-in capital															
3.surplus reserve offsetting losses															
4.settling profits change amount carry forward retained earnings															
*5.other comprehensive income carry forward retained earnings															
5.others															
4. At the end of current year	4,881,202.70				2,078,805.99				361,467.44		-2,224,268.36		5,097,207.77		5,097,207.77

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

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 2022

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

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 2022

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	2022-12-31			2021-12-31		
	Amount of original currency	Exchange rate	Translated to RMB	Amount of original currency	Exchange rate	Translated to RMB
Cash in bank			3,046,028.01			3,045,040.10
Including:RMB	1,343,288.20		1,343,288.20	3,040,964.62		3,040,964.62
USD	244,484.94	6.9646	1,702,739.81	639.22	6.3757	4,075.48
Total			3,046,028.01			3,045,040.10

Notes to Financial Statements

For the Year Ended 31 December 2022

Tata Steel International (Shanghai) Limited

(Expressed in Renminbi Yuan)

2、 Other receivables

Item	Ending bal.	Beginning bal.
Interest receivable		
Dividends receivable		
Other receivable	2,259,861.64	1,657,160.93
合 计	2,259,861.64	1,657,160.93

Other receivable**(1) Aging analysis**

Items	2022-12-31		2021-12-31	
	Balance	Provision for bad debts	Balance	Provision for bad debts
Within 1 year	2,012,841.48		1,556,800.21	
1-2 years	147,707.44		1,048.00	
Over 2 years	99,312.72		99,312.72	
Total	2,259,861.64		1,657,160.93	

(2) Main debtors:

Company's (Personal) names	Amount owed	Aging
Tata Steel Limited	1,085,301.45	Within 1 year
T S GLOBAL PROCUREMENT COMPANY PTE. LTD.	671,453.59	Within 1 year

3、 Inventories

Items	2022-12-31		2021-12-31	
	Balance	Provision for inventory devaluation	Balance	Provision for inventory devaluation
Finished goods	376,950.54		512,535.26	
Materials in transit				
Total	376,950.54		512,535.26	

Notes to Financial Statements

For the Year Ended 31 December 2022

Tata Steel International (Shanghai) Limited

(Expressed in Renminbi Yuan)

4、 Other current assets

Items	2022-12-31	2021-12-31
Prepaid expenses – rent for office	87,947.62	88,495.00
Prepaid expenses – broadband fee		5,970.00
Total	87,947.62	94,465.00

5、 Fixed assets

项 目	Book value at the end of the year	Book value at the beginning of the year
fixed assets	106,393.62	72,296.99
Disposal of fixed assets		
合 计	106,393.62	72,296.99

(1) Fixed assets

Items	2021-12-31	Additions	Decreases	2022-12-31
1、 Total Cost	129,222.17	52,460.18		181,682.35
Including: Office equipment	129,222.17	52,460.18		181,682.35
2、 Total Accumulated depreciation	56,925.18	18,363.55		75,288.73
Including: Office equipment	56,925.18	18,363.55		75,288.73
3、 Provisions for impairment				
Including: Office equipment				
4、 Total net book value	72,296.99			106,393.62
Including: Office equipment	72,296.99			106,393.62

6、 Long term unamortized expenses

Item	2021-12-31	Current increase	Current amortization	Other reduction	2022-12-31	Other reasons for decrease
Decoration works	33,279.98		28,525.56		4,754.42	

Notes to Financial Statements

For the Year Ended 31 December 2022

Tata Steel International (Shanghai) Limited

(Expressed in Renminbi Yuan)

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

Aging	2022-12-31		2021-12-31	
	Amount	ratio (%)	Amount	ratio (%)
Within 1 year			140,669.87	100.00
1-2 years				
Over 2 years				
Total			140,669.87	100.00

8、Taxes payable

Items	2022-12-31	2021-12-31
Value added tax	58,977.19	45,299.67
Corporate income tax		
City Maintenance and Construction	2,064.20	3,170.98
Additional Education Fee	884.66	1,358.99
Local Education Fee	589.77	905.99
Stamp duty	2.72	312.95
Personal income theory	171,490.09	99,765.84
Total	234,008.63	150,814.42

9、Other payables

Item	Ending bal.	Beginning bal.
Interest Payable		
Dividends Payable		
Other Payables	29,381.00	26,086.20
Total	29,381.00	26,086.20

Notes to Financial Statements

For the Year Ended 31 December 2022

Tata Steel International (Shanghai) Limited

(Expressed in Renminbi Yuan)

(1) The aging analysis of Other payables:

Aging	2022-12-31		2021-12-31	
	Amount	ratio (%)	Amount	ratio (%)
Within 1 year	29,381.00	100.00	26,086.20	100.00
1-2 years				
Over 2 years				
Total	29,381.00	100.00	26,086.20	100.00

(2) Main content:

Content	Amount owed	Aging
Employee reimbursement	20,000.00	Within 1 year

10、Paid-in capital

Name of investor	2021-12-31	Increase this year	Decrease this year	2022-12-31	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.

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
Total	2,078,805.99			2,078,805.99

Notes to Financial Statements

For the Year Ended 31 December 2022

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
Total	361,467.44			361,467.44

13、 Retained earnings

Items	Amount
Retained earnings at beginning of year before	-2,224,268.36
Add: Adjusted initial amount	
At beginning of the year	-2,224,268.36
Add: Net profit	521,338.45
Less: Surplus reserves	
Less: Distribution of ownership	
At end of the year	-1,702,929.91

14、 Revenues and Cost of revenue

Items	2022		2021	
	Income	Cost	Income	Cost
1、 Prime operating income (subtotal)	140,228.82	81,350.13	322,558.00	220,603.11
2、 Other operating income	9,465,605.84		5,078,588.42	
Total (subtotal)	9,605,834.66	81,350.13	5,401,146.42	220,603.11

Notes to Financial Statements

For the Year Ended 31 December 2022

Tata Steel International (Shanghai) Limited

(Expressed in Renminbi Yuan)

15、 Taxes and surcharges

Items	2022	2021
City maintenance and construction surtax	17,837.70	11,888.81
Educational surtax and surcharge	7,644.73	5,095.20
Local educational surcharge	5,096.48	3,396.80
Stamp duty	23.82	312.95
Total	30,602.73	20,693.76

16、 Selling expenses

Items		2022	2021
Total		41,365.35	951,277.95
Mainly:	Customs clearance and transportation fees	204,869.80	
	Sample fee	-167,290.59	946,494.42

17、 Administrative expenses

Items		2022	2021
Total		9,107,372.16	4,962,883.71
Mainly:	Employee compensation	7,898,053.98	4,010,840.78
	Rent	611,371.44	363,723.79

18、 Financial expenses

Items	2022	2021
Total	-168,667.08	8,967.75
Including: Interest expenses		
Less: Interest income	6,638.25	7,976.80
Bank charges	3,049.75	5,446.89
Less: Exchange gain	165,078.58	
Exchange loss		11,497.66

Notes to Financial Statements

For the Year Ended 31 December 2022

Tata Steel International (Shanghai) Limited

(Expressed in Renminbi Yuan)

19. Non-operating income and expense

Items	2022	2021
Total non-operating income	7,527.08	4,689.04
Including: Rebate received from tax bureau for withholding individual income tax for employees	7,527.08	4,689.04
Total non-operating expenses		6,661.76
Including: Loss on disposal of fixed assets		6,661.76

VIII. 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.	2 Venture Drive, #19-23 Vision Exchange, Singapore 608526.	Trading

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. 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

Notes to Financial Statements

For the Year Ended 31 December 2022

Tata Steel International (Shanghai) Limited

(Expressed in Renminbi Yuan)

4. 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				
Complimentary goods	Tata Steel Ijmuiden BV	Other related parties	54,234.59	At market price
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	5,041,555.86	Management fee plus 1%
Rendering of service	Tata Steel Limited	Ultimate parent company	4,181,558.82	Management fee plus 7%
Rendering of service	Tata Steel Ijmuiden BV	Other related parties	810,427.54	Management fee plus 7%

(2) Amount Due from/ to Related Parties

Item and Entity	Ending Balance	Beginning Balance
Other Receivables		
T S GLOBAL PROCUREMENT COMPANY PTE. LTD.	671,453.59	431,128.60
Tata Steel Limited	1,085,301.45	726,589.93
Tata Steel Ijmuiden BV	100,206.05	244,742.79
Accounts payable		
Tata Steel Ijmuiden BV		140,669.87

IX. Contingencies

As at the balance sheet dated December 31, 2022, the Company had no significant contingencies affecting the reading and understanding of financial statements.

X. Commitments

As at the balance sheet dated December 31, 2022, the Company had no significant commitments affecting the reading and understanding of financial statements.

Notes to Financial Statements

For the Year Ended 31 December 2022

Tata Steel International (Shanghai) Limited

(Expressed in Renminbi Yuan)

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, 2022

Unit: CNY

Item	Amount	Remark
I. Total Profits (tax returns)	521,338.45	
II. Plus: Adjusted increase	10,333.20	
1. Entertainment expenses over allowed limit	10,333.20	
III. Less: Adjusted decrease		
IV. Taxable amount of income after adjustment	531,671.65	

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.