

JAGUAR LAND ROVER (CHINA) INVESTMENT CO., LTD.

ENGLISH TRANSLATION OF FINANCIAL STATEMENTS
FOR THE YEAR FROM 1 JANUARY 2021 TO 31 DECEMBER 2021
IF THERE IS ANY CONFLICT BETWEEN THE CHINESE VERSION
AND ITS ENGLISH TRANSLATION, THE CHINESE VERSION WILL PREVAIL

AUDITOR'S REPORT

KPMG Huazhen Hu Shen Zi No. 2202123

To the board of directors of Jaguar Land Rover (China) Investment Co., Ltd.

I. Opinion

We have audited the attached financial statements (from Page 1 to Page 29) of Jaguar Land Rover (China) Investment Co., Ltd. (hereinafter referred to as "Jaguar Land Rover Investment Company"), which comprise the company balance sheets as at 31 December 2021, and the company's income statement and profit appropriation and cash flow statements 2021, and the notes to the financial statements.

In our opinion, the attached financial statements have been properly prepared in compliance with the Accounting Standards for Business Enterprises (hereinafter referred to as "Accounting Standards for Business Enterprises") issued by Ministry of Finance of the People's Republic of China, and present fairly, in all material respects, the financial position of Jaguar Land Rover Investment Company as of 31 December 2021, and the company's results of operations and cash flows 2021.

II. Basis for Opinion

We conducted our audit in accordance with Auditing Standards for CPAs of China (hereinafter referred to as "Auditing Standards"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements by CPAs section of our report. We are independent of Jaguar Land Rover Investment Company in accordance with the Code of Ethics for Professional Accountants of China, 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 opinion.

AUDITOR'S REPORT (Cont.)

KPMG Huazhen Hu Shen Zi No. 2202123

III. Responsibility of the Management Layer and Governance Layer for the Financial Statements

Management layer is responsible for preparing the financial statements in accordance with Accounting Standards for Business Enterprises to achieve fair presentation of the financial statements, and designing, implementing and maintaining internal control which is necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management layer is responsible for assessing the ability to continue as a going concern of Jaguar Land Rover Investment Company, disclosing matters related to going concern and using the going concern assumption unless Jaguar Land Rover Investment Company either intends to liquidate or to cease operations, or has no realistic alternative but to do so.

The governance layer is responsible for overseeing the financial reporting process of Jaguar Land Rover Investment Company.

IV. Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also carry out the following tasks:

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of its internal control.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management layer.

AUDITOR'S REPORT (Cont.)

KPMG Huazhen Hu Shen Zi No. 2202123

IV. Auditor's Responsibilities for the Audit of the Financial Statements (Cont.)

- (4) Conclude on the appropriateness of the management layer's use of the going concern assumption. Meanwhile, based on the audit evidence obtained, conclude whether a material uncertainty exists related to events or conditions that may cast significant doubt on Jaguar Land Rover Investment Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Jaguar Land Rover Investment Company to cease to continue as a going concern.
- (5) Evaluate the overall presentation (including the disclosures), structure and content of the financial statements and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the governance layer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG Huazhen LLP (SGP)

Chinese Certified Public Accountant

Shanghai Branch

Feng Yijia

Shanghai, China

Gao Pan

Date:

Jaguar Land Rover (China) Investment Co., Ltd.

Balance sheet as at 31 December 2021

(Expressed in Renminbi Yuan)

	Note	<u>2021</u>	<u>2020</u>
Assets			
Current assets			
Cash at bank and on hand	5	967,775,424.45	652,299,114.57
Short-term investments	6	20,340,876,499.89	22,318,640,795.72
Notes receivable	7	-	-
Interest receivable		60,671,137.59	60,320,000.02
Accounts receivable	8	263,593,875.79	403,766,935.10
Other receivables	9	431,423,771.56	498,364,614.96
Payments in advance		757,049,029.72	10,069,382.42
Inventories	10	1,783,089,686.35	2,160,118,465.34
Deferred expenses		<u>28,858,185.64</u>	<u>30,688,219.00</u>
Total current assets		<u>24,633,337,610.99</u>	<u>26,134,267,527.13</u>
Long-term equity investments	11	<u>1,349,927,492.44</u>	<u>1,507,279,239.87</u>
Total long-term investments		<u>1,349,927,492.44</u>	<u>1,507,279,239.87</u>

The notes on pages [12] to [29] form part of these financial statements.

Jaguar Land Rover (China) Investment Co., Ltd.
Balance sheet as at 31 December 2021 (continued)
(Expressed in Renminbi Yuan)

	Note	<u>2021</u>	<u>2020</u>
Assets (Cont.)			
Fixed assets			
Original carrying amount of fixed assets		684,948,328.55	611,534,114.95
Less: Accumulated depreciation		<u>(280,554,328.98)</u>	<u>(216,558,276.70)</u>
Net carrying amount of fixed assets	12	404,393,999.57	394,975,838.25
Construction in progress	13	<u>11,366,797.37</u>	<u>5,983,167.00</u>
Total fixed assets		<u>415,760,796.94</u>	<u>400,959,005.25</u>
Intangible assets	14	<u>30,142,094.07</u>	<u>33,922,082.05</u>
Total assets		<u>26,429,167,994.44</u>	<u>28,076,427,854.30</u>

The notes on pages [12] to [29] form part of these financial statements.

Jaguar Land Rover (China) Investment Co., Ltd.
Balance sheet as at 31 December 2021 (continued)
(Expressed in Renminbi Yuan)

	Note	<u>2021</u>	<u>2020</u>
Liabilities and owner's equities			
Current liabilities			
Short-term borrowing	15	5,736,860,913.69	5,744,930,216.47
Accounts payable		1,309,172,034.02	1,394,378,992.49
Receipts in advance		300,177,448.94	525,413,346.38
Payroll payable		41,727,571.64	68,421,431.87
Taxes payable	4(c)	1,610,139,908.02	1,651,762,425.86
Other payables		405,745,526.12	330,906,180.23
Accrued expenses		<u>2,829,072,009.20</u>	<u>3,412,700,342.68</u>
Total current liabilities		<u>12,232,895,411.63</u>	<u>13,128,512,935.98</u>
Long-term liabilities			
Long-term payable		<u>202,586,977.64</u>	<u>178,071,600.44</u>
Total long-term liabilities		<u>202,586,977.64</u>	<u>178,071,600.44</u>
Total liabilities		<u>12,435,482,389.27</u>	<u>13,306,584,536.42</u>

The notes on pages [12] to [29] form part of these financial statements.

Jaguar Land Rover (China) Investment Co., Ltd.
Balance sheet as at 31 December 2021 (continued)
(Expressed in Renminbi Yuan)

	Note	<u>2021</u>	<u>2020</u>
Liabilities and owner's equities (cont.)			
Owner's equities			
Paid-in capital	16	67,008,160.00	67,008,160.00
Surplus reserve	17	130,957,580.00	33,504,080.00
Undistributed profits	18	<u>13,795,719,865.17</u>	<u>14,669,331,077.88</u>
Total owner's equities		<u>13,993,685,605.17</u>	<u>14,769,843,317.88</u>
Total liabilities and owner's equities		<u>26,429,167,994.44</u>	<u>28,076,427,854.30</u>

These financial statements have been approved by the Board of Directors of the Company.

Pan Qing	Tim Howard	Gui Minghua	(Company stamp)
Legal representative	The person in charge of the accounting affairs	The head of the accounting department	
(Signature and stamp)	(Signature and stamp)	(Signature and stamp)	

Date:

The notes on pages [12] to [29] form part of these financial statements.

Jaguar Land Rover (China) Investment Co., Ltd.

Income statement and profit appropriation

for the year ended 31 December 2021

(Expressed in Renminbi Yuan)

	Note	<u>2021</u>	<u>2020</u>
Revenues from principal activities	19	31,416,609,072.42	31,161,096,987.45
Less: Cost of sales from principal activities		(26,513,622,097.62)	(27,396,609,503.36)
Business taxes and surcharges from principal activities	4(a)	<u>(78,581,529.79)</u>	<u>(60,867,739.45)</u>
Profit from principal activities		4,824,405,445.01	3,703,619,744.64
Add: Profit from other operations		67,074,289.32	43,678,306.54
Less: Operating expenses		(761,359,553.14)	(844,211,361.00)
General and administrative expenses		(617,125,721.00)	(407,939,415.57)
Financial expenses	20	<u>(215,265,698.04)</u>	<u>(115,041,844.13)</u>
Operating profit		3,297,728,762.15	2,380,105,430.48
Add: Investment income	21	609,984,971.78	290,311,826.32
Subsidy income		240,533,365.80	85,514,580.98
Non-operating income		3,407,117.21	1,369,494.48
Less: Non-operating expenses		<u>(42,477.09)</u>	<u>(2,676,805.61)</u>
Profit before income tax		4,151,611,739.85	2,754,624,526.65
Less: Income tax	4(b)	<u>(927,769,452.56)</u>	<u>(759,121,963.74)</u>
Net profit for the year		<u>3,223,842,287.29</u>	<u>1,995,502,562.91</u>

The notes on pages [12] to [29] form part of these financial statements.

Jaguar Land Rover (China) Investment Co., Ltd.
Income statement and profit appropriation
for the year ended 31 December 2021 (continued)
(Expressed in Renminbi Yuan)

	Note	<u>2021</u>	<u>2020</u>
Net profit for the year		3,223,842,287.29	1,995,502,562.91
Add: Undistributed profits at the beginning of the year		<u>14,669,331,077.88</u>	<u>12,793,828,514.97</u>
Undistributed profits		17,893,173,365.17	14,789,331,077.88
Less: Withdrawal of reserve funds	18	<u>(97,453,500.00)</u>	-
Profits appropriated to the owner		17,795,719,865.17	14,789,331,077.88
Less: Cash profit appropriated to the owner	18	<u>(4,000,000,000.00)</u>	<u>(120,000,000.00)</u>
Undistributed profits at the end of the year		<u>13,795,719,865.17</u>	<u>14,669,331,077.88</u>

The notes on pages [12] to [29] form part of these financial statements.

Jaguar Land Rover (China) Investment Co., Ltd.

Cash flow statement

for the year ended 31 December 2021

(Expressed in Renminbi Yuan)

	Note to the cash flow statement	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:			
Cash received from sale of goods		30,742,784,146.18	34,998,672,788.12
Cash received relating to other operating activities		<u>1,305,232,931.45</u>	<u>822,300,005.99</u>
Sub-total of cash inflows		<u>32,048,017,077.63</u>	<u>35,820,972,794.11</u>
Cash paid for purchasing goods and receiving services		(20,845,018,190.85)	(24,053,978,322.63)
Cash paid to and for employees		(322,674,317.13)	(266,120,372.86)
Cash paid for all types of taxes		(6,779,807,743.80)	(6,173,264,149.13)
Cash paid relating to other operating activities		<u>(2,147,087,343.59)</u>	<u>(680,590,649.44)</u>
Sub-total of cash outflows		<u>(30,094,587,595.37)</u>	<u>(31,173,953,494.06)</u>
Net cash inflow from operating activities	i	<u>1,953,429,482.26</u>	<u>4,647,019,300.05</u>

The notes on pages [12] to [29] form part of these financial statements.

Jaguar Land Rover (China) Investment Co., Ltd.
Cash flow statement
for the year ended 31 December 2021 (continued)
(Expressed in Renminbi Yuan)

	Note to the cash flow statement	<u>2021</u>	<u>2020</u>
Cash flows from investing activities:			
Cash received from investment withdrawal		24,198,056,275.80	13,822,355,380.07
Cash received from return on investments		766,985,581.64	456,437,103.61
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		-	4,450,971.39
Sub-total of cash inflows		<u>24,965,041,857.44</u>	<u>14,283,243,455.07</u>
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		(146,394,541.49)	(185,825,080.14)
Cash paid for acquisition of investments		<u>(22,420,291,979.97)</u>	<u>(24,604,419,969.05)</u>
Sub-total of cash outflows		<u>(22,566,686,521.46)</u>	<u>(24,790,245,049.19)</u>
Net cash inflow/(outflow) from investing activities		<u>2,398,355,335.98</u>	<u>(10,507,001,594.12)</u>

The notes on pages [12] to [29] form part of these financial statements.

Jaguar Land Rover (China) Investment Co., Ltd.
Cash flow statement
for the year ended 31 December 2021 (continued)
(Expressed in Renminbi Yuan)

	Notes to the cash flow statement	<u>2021</u>	<u>2020</u>
Cash flows from financing activities:			
Cash received from borrowings		<u>11,741,402,714.67</u>	<u>7,244,930,216.47</u>
Sub-total of cash inflows		<u>11,741,402,714.67</u>	<u>7,244,930,216.47</u>
Cash repayments of borrowings		(11,749,472,017.45)	(1,500,000,000.00)
Cash paid for distributed dividends, profits or interest expenses		(4,228,698,217.16)	(253,655,988.37)
Cash paid relating to other financing activities		<u>(1,067,178.35)</u>	<u>-</u>
Sub-total of cash outflows		<u>(15,979,237,412.96)</u>	<u>(1,753,655,988.37)</u>
Net cash (outflow)/inflow from financing activities		<u>(4,237,834,698.29)</u>	<u>5,491,274,228.10</u>
Net increase/(decrease) in cash and cash equivalents	ii	<u>113,950,119.95</u>	<u>(368,708,065.97)</u>

The notes on pages [12] to [29] form part of these financial statements.

Jaguar Land Rover (China) Investment Co., Ltd.
Cash flow statement
for the year ended 31 December 2021 (continued)
(Expressed in Renminbi Yuan)

Notes to the cash flow statement

	<u>2021</u>	<u>2020</u>
i Reconciliation of net profit to cash flows from operating activities:		
Net profit	3,223,842,287.29	1,995,502,562.91
Add: Accrued/(reversed) provision for diminution in value of inventories	23,446,018.02	(11,577,206.56)
(Reversed)/accrued provision for impairment of receivables	(74,051.60)	175,990.42
Depreciation of fixed assets	98,919,487.32	91,864,197.89
Amortisation of intangible assets	10,854,180.38	7,052,961.41
Decrease/(increase) in deferred expenses	1,830,033.36	(9,395,720.89)
(Decrease)/increase in accrued expenses	(573,732,674.68)	34,952,852.62
Losses on disposal of fixed assets	-	2,660,641.88
Financial expenses	230,108,916.54	133,655,988.37
Gains from investing activities	(609,984,971.78)	(290,311,826.32)
Decrease in gross inventories	353,582,760.97	1,787,000,046.35
(Increase)/decrease in gross operating receivables	(541,317,882.92)	25,017,896.69
(Decrease)/increase in gross operating payables	<u>(264,044,620.64)</u>	<u>880,420,915.28</u>
Net cash inflow from operating activities	<u>1,953,429,482.26</u>	<u>4,647,019,300.05</u>

The notes on pages [12] to [29] form part of these financial statements.

Jaguar Land Rover (China) Investment Co., Ltd.
Cash flow statement
for the year ended 31 December 2021 (continued)
(Expressed in Renminbi Yuan)

Notes to the cash flow statement (continued)

	<u>2021</u>	<u>2020</u>
ii Net increase/(decrease) in cash and cash equivalents:		
Closing balance of cash	966,249,234.52	652,299,114.57
Less: Opening balance of cash	(652,299,114.57)	(1,221,007,180.54)
Add: Closing balance of cash equivalents	-	200,000,000.00
Less: Opening balance of cash equivalents	<u>(200,000,000.00)</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	<u>113,950,119.95</u>	<u>(368,708,065.97)</u>

The notes on pages [12] to [29] form part of these financial statements.

Jaguar Land Rover (China) Investment Co., Ltd.

Notes to the financial statements

(Expressed in Renminbi Yuan)

1 Company status

Jaguar Land Rover (China) Investment Co., Ltd. ("the Company") was established in Shanghai Pudong New District by Jaguar Land Rover Holdings Ltd. as a wholly foreign-owned enterprise on 9 May 2008 with an operating period of 20 years. The registered capital of the Company was USD 40,000,000.00.

The main business of the Company is as follows: (1) invests in the fields that allowed for foreign invested enterprise by the country; (2) provides the following services to the invested companies by the written entrustment (unanimously approved by the Board of Directors of the Company): i, assists and delegates the investees for purchasing the machinery and equipment, office equipment, materials, components and spare parts for production, as well as selling the merchandise goods produced by the investees and providing the after-sales services, both in and out of the country; ii, under the approval and supervision of the foreign exchange administration, balance foreign exchange among the invested companies; iii, renders the technical support, staff training, internal human resource management services during the course of the investees' production, sales and marketing development activities; iv, assists the invested companies on loans and guarantees; (3) establishes the R&D center or department in China for research and development of new products, chemical products and high-tech products and supporting service, transfers the results of research and development and provides the services for technological development, technological consulting and product quality control; (4) provides consulting services for the investors, and provides consulting services concerning the marketing information, investing policy, etc. to the related party company, relating to their investment activities; (5) undertakes the outsourcing services from its holding company, related party company and other foreign company; (6) acting as the authorized general distributor of Jaguar, Land Rover, Chery Jaguar and Chery Land Rover brand vehicle, the Company mainly engages in the import & export, sale in domestic market, entrepot trade, intercompany trade within the tariff free zone and intraregional trade agency services of Jaguar, Land Rover, Chery Jaguar and Chery Land Rover brand vehicles; (7) engages in wholesale, import and export, acting as a commission agent (excluding auction), retail (extra regional branches only), online retail (excluding commodities) of vehicle parts, sporting and outing goods, crafts (excluding ivory and its products), commodity goods, vehicle decoration, stationery, clothing, accessories, cases and bags, toys, electronic products, small household appliances, chemical products (excluding dangerous, special and precursor chemicals), textiles, lubricants, computers, software and auxiliary equipment, metallic materials and their products, vehicle hardware tools, automated equipment, intelligent equipment, machinery, electromechanical equipment, instruments and their parts, as well as related after-sales services and sales of vehicles; (8) operates in the above business related marketing, technical support, training and supporting services, and engages in the technological development, transfer and consulting as well as related services in the fields of automobiles, machinery and computer science; (9) provides warehousing services (excluding dangerous goods), advertisement designing, production, agency and issue in and out of the country, regional simple business reprocessing, automobile development activities (excluding transportation), electrical and electronic technology, vehicle and parts, development of vehicle detection, consulting services in the area of enterprise management, economic information and investing activities.

2 Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are in conformity with the Accounting Regulations for Business Enterprises issued by the Ministry of Finance of the PRC (MOF).

In accordance with the relevant requirements set out in “Questions and answers (2) on implementing Accounting Regulations for Business Enterprises and related accounting standards” (Cai Kuai [2003] No. 10) issued by the MOF, the Company decided not to present consolidated financial statements for the year.

3 Significant accounting policies

(a) Accounting year

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

(b) Basis of preparation and measurement basis

The financial statements of the Company have been prepared on an accrual basis. Unless otherwise stated, the measurement basis used is historical cost.

(c) Functional currency

The Company’s functional currency is the Renminbi.

(d) Translation of foreign currencies

Foreign currency transactions during the year are translated into Renminbi at the exchange rates quoted by the People’s Bank of China ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Renminbi at the exchange rates quoted by the People’s Bank of China ruling at the balance sheet date. Exchange gains and losses on foreign currency translation, except for the exchange gains and losses directly relating to the construction of fixed assets (see Note 3(i)), are dealt with in the income statement.

(e) Cash equivalents

Cash equivalents represent short-term, highly liquid investments, which are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value.

(f) Provision for bad and doubtful debts

The provision for bad and doubtful debts is estimated by management based on individual accounts receivable which show signs of uncollectibility. Provision for other receivables is determined based on their specific nature and management’s estimate of their collectibility.

(g) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost comprises all costs of purchase and other costs. Inventories are measured at their actual cost upon acquisition. The cost of inventories is calculated using the specific identification method.

Any excess of the cost over the net realisable value of each item of inventories is recognised as a provision for diminution in the value of inventories. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale and relevant taxes.

(h) Investments

(i) Short-term investments

Short-term investments are carried at the lower of cost and market value. The cost of a short-term investment is the total price paid on acquisition of the investment. However, it does not include cash dividends which have been declared but which are unpaid or unpaid interest on debentures which was due at the time of acquisition

Provision for diminution in value is made on an item-by-item basis for any shortfall of the market value over the cost of individual short-term investments.

With the exception of cash dividends which have been declared but which are unpaid at the time of acquisition of short-term investments and interest on debentures which is due but not yet paid at the time of acquisition of short-term investments, cash dividends and interest are set off against the carrying amount of the short-term investments when received by the Company. Upon the disposal of short-term investments, the difference between the carrying amount of the short-term investments and the proceeds received is recognised as profit or loss for the current period.

(ii) Long-term equity investments

Where the Company has the power to control, jointly control or exercise significant influence over an investee enterprise, the investment is accounted for under the equity method of accounting whereby the investment is initially recorded at cost and adjusted thereafter for any post acquisition change in the Company's share of the investee's equity.

Where the Company does not control, jointly control or exercise significant influence over an investee enterprise, the investment is accounted for under the cost method, stating it at the initial investment cost. Investment income is recognised once the investee enterprise declares a cash dividend or distributes profits.

Upon the disposal or transfer of long-term equity investments, the difference between the proceeds received and the carrying amount of the investments is recognised as profit or loss.

The Company makes provision for impairment losses on long-term equity investments (see Note 3(l)).

(iii) Designated loans receivable

Designated loans receivable refer to the funds lent by the Company through financial institutions to designated borrowers with uses, amounts, terms, interest rates, etc., designated by the Company. The financial institution assists the Company to release the funds and collect the repayments on behalf of the Company.

Designated loans receivable are initially recorded at cost, which is the total amount paid, including relevant expenses such as bank charges.

Interest income arising from designated loans receivable is calculated at the applicable rate on a time proportion basis and recognised in the income statement. Accrual of interest on designated loans receivable ceases when the interest is in default at the due date, and the interest previously accrued is reversed immediately in the income statement.

The Company makes provision for impairment losses on designated loans receivable (see Note 3(I)). Designated loans receivable are stated in the balance sheet net of impairment losses. Among the designated loans receivable, loans with a period equal to or less than one year are classified under short-term investments; while loans with a period and remaining terms longer than one year are classified under long-term investments, balances with remaining terms equal to or less than one year are reclassified to "Long-term debt investments maturing within one year".

(i) Fixed assets and construction in progress

Fixed assets are stated in the balance sheet at cost less accumulated depreciation and impairment losses (see Note 3(I)). Construction in progress is stated in the balance sheet at cost less impairment losses (see Note 3(I)).

Fixed assets are depreciated using the straight-line method over their estimated useful lives. The respective estimated useful lives and the estimated rate of residual values on cost for the Company's fixed assets are as follows:

	<u>Estimated useful life</u>	<u>Estimated rate of residual value</u>	<u>Rate of depreciation</u>
Electronic equipment and other equipment	3 - 7 years	0%	14.0% - 33.0%
Leasehold improvement	3 - 5 years	0%	20.0% - 33.0%
Tooling	3 - 8 years	0%	12.5% - 33.0%

(j) Lease

(i) Assets leased out under finance leases

At the inception of a finance lease, the aggregate of the minimum lease receipts for the leased assets is recorded under finance lease receivables. The difference between the minimum lease receipts and the present value of the minimum lease receipts is recognised as unrealised finance income under finance leases. Finance lease receivables that will fall due after one year are included in other long-term assets in the balance sheet at the end of the year. Finance lease receivables that will fall due within one year are included in accounts receivable in the balance sheet.

Finance income under finance leases is recognised in each accounting period over the lease term using the effective interest rate method.

(ii) Operating lease charges

Lease payments under operating leases are charged as expenses on a straight-line basis over the lease term.

(k) Intangible assets

Intangible assets are stated in the balance sheet at cost less accumulated amortisation and impairment losses (see note 3(l)). The cost of the intangible assets is amortised on a straight-line basis over their estimated useful lives. The amortisation period for the intangible assets is as follows:

Software	3 - 8 years
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(l) Provision for impairment

The carrying amounts of assets (including designated loans receivable, long-term investments, fixed assets, construction in progress, intangible assets and other assets) are assessed regularly to determine whether their recoverable amounts have declined below their carrying amounts. Assets are tested for impairment whenever events or changes in conditions indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to the recoverable amount. The amount by which the carrying amount is reduced is the impairment loss.

The recoverable amount is the greater of the net selling price and the present value of the estimated future cash flows arising from the continuous use of the asset and from the disposal of the asset at the end of its useful life.

Provision for impairment is calculated on an item-by-item basis and recognised as an expense in the income statement.

If there is an indication that there has been a change in the factors used to determine the provision for impairment and as a result the estimated recoverable amount is greater than the carrying amount of the asset, the impairment loss recognised in prior years is reversed. Reversals of impairment losses are recognised in the income statement. An impairment loss is reversed only to the extent of the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years.

(m) Income tax

Income tax is recognised using the tax payable method. Income tax for the year is provided at the applicable tax rate on taxable income.

(n) Provisions and contingent liabilities

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligations and a reliable estimate can be made.

Where it is not probable that the settlement of this obligation will cause an outflow of economic benefits, or the amount of the outflow cannot be estimated reliably, the obligation is disclosed as a contingent liability.

(o) Revenue recognition

When it is probable that the economic benefits will flow to the Company and the revenue and costs can be measured reliably, revenue is recognised in the income statement according to the following methods:

(i) Sale of goods

Revenue is recognised when the significant risks and rewards of the ownership of goods have been transferred to the buyers and the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

(ii) Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue from the rendering of services is recognised in the income statement by reference to the stage of completion of the transaction based on the services performed to date as a percentage of the total services to be performed. When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the costs incurred that are expected to be recoverable.

(iii) Interest income

Interest income is recognised on a time proportion basis with reference to the principal outstanding and the applicable rate.

(iv) Subsidy income

Subsidy income is recognised in the income statement upon receipt of the subsidy.

(p) Borrowing costs

Borrowing costs incurred on specific borrowings for the construction of fixed assets are capitalised into the cost of the fixed assets during the construction period until the fixed assets are ready for their intended uses.

Except for the above, other borrowing costs are recognised as financial expenses in the income statement when incurred.

(q) Retirement benefits

Pursuant to the relevant laws and regulations in the PRC, the Company has joined a defined contribution retirement plan for the employees arranged by a governmental organisation. The Company makes contributions to the retirement scheme at the applicable rates based on the employees' salaries. The contributions are capitalised into cost of assets or charged to the income statement on an accrual basis. After the payment of the contributions under the retirement plan, the Company does not have any other obligations in this respect.

(r) Profits appropriated to the owner

Profits appropriated to the owner are recognised in the income statement and profit appropriation upon approval.

(s) Related parties

If the Company has the power, directly or indirectly, to control, jointly control or exercise significant influence over another party, or vice versa, or where the Company and one or more parties are subject to common control from another party, they are considered to be related parties. Related parties may be individuals or enterprises.

4 Taxation and surcharges

- (a) The types of tax and surcharges applicable to the Company's sale of goods and rendering of services include value added tax (VAT), consumption tax, urban maintenance and construction tax, education fee surcharge and local education fee surcharge etc.

Tax name	Tax basis and applicable rate
VAT	Output VAT is 13% of product sales and 6% of taxable services revenue, based on tax laws. The remaining balance of output VAT, after subtracting the deductible input VAT of the period, is VAT payable
Consumption tax	0% - 40% of composite assessable price for imported taxable consumer goods
Urban maintenance and construction tax	5% of VAT payable (1% before 1 Sept. 2021)
Education fee surcharge	3% of VAT payable
Local education fee surcharge	2% of VAT payable

Business taxes and surcharges from principal activities include urban maintenance and construction tax and education fee surcharge etc.

(b) Income tax

Income tax in the income statement represents:

	<u>2021</u>	<u>2020</u>
Provision for income tax for the year	<u>927,769,452.56</u>	<u>759,121,963.74</u>

The statutory income tax rate of the Company is 25%. For the current year, the Company is liable to income tax at the statutory rate (2020: 25%).

(c) Taxes payable

	<u>2021</u>	<u>2020</u>
Value added tax payable	496,618,598.71	384,494,479.97
Enterprise income tax payable	334,321,834.07	564,127,573.10
Taxes and surcharges payable	53,881,522.82	28,850,432.78
Customs duty payable	352,633,932.20	343,862,748.80
Consumption tax payable	<u>372,684,020.22</u>	<u>330,427,191.21</u>
Total	<u>1,610,139,908.02</u>	<u>1,651,762,425.86</u>

5 Cash at bank and on hand

	<u>2021</u>	<u>2020</u>
Demand deposits	<u>967,775,424.45</u>	<u>652,299,114.57</u>

As at December 31, 2021, the limited funds of RMB 1,526,189.93 are in the bank demand deposits.

6 Short-term investments

	Note	<u>Beginning balance</u>	<u>Increase for current year</u>	<u>Decrease for current year</u>	<u>Ending balance</u>
Monetary market funds	(1)	200,000,000.00	1,750,000,000.00	(1,950,000,000.00)	-
Debt investments					
- Designated loans	(2)	22,118,640,795.72	20,670,291,979.97	(22,448,056,275.80)	20,340,876,499.89
Total		<u>22,318,640,795.72</u>	<u>22,420,291,979.97</u>	<u>(24,398,056,275.80)</u>	<u>20,340,876,499.89</u>

The ending carrying amount and market value of the short-term investments with market value are respectively:

	<u>2021</u>		<u>2020</u>	
	<u>Carrying amount</u>	<u>Market value</u>	<u>Carrying amount</u>	<u>Market value</u>
Monetary market funds	-	-	200,000,000.00	200,014,152.58

Note: (1) The par value of each monetary market fund is RMB 1 yuan, and the maximum remaining maturity is within 75 days. The market value is the net market value corresponding to the shares of monetary market funds (including the shares contributed by the reinvestment of some bonuses) of China International Fund Management Co., Ltd. held by the Company as at December 31, 2020. The data is sourced from fund company.

(2) Designated loans include the loans to the Company's subsidiary Shanghai Jaguar Land Rover Automotive Service Co., Ltd. of RMB 8,409,415.28 (2020: RMB 18,640,795.72), with an annual interest rate of 4% (1.5% before 1 April 2020) and no fixed repayment period; loans to the domestic affiliate Jaguar Land Rover (Ningbo) Trading Co., Ltd. of RMB 132,467,084.61 (2020: N/A), with an annual interest rate of 4% and no fixed repayment period; and loans to overseas related party Jaguar Land Rover Limited of RMB 20,200,000,000 under the Global Cash Management Service Agreement with the Bank of China (2020: RMB 22,100,000,000) with an annual interest rate of 4% (1.5% before 1 April 2020), and no fixed repayment period.

The Company has no major restrictions on investment for cash.

7 Notes receivable

As of December 31, 2021, the carrying amount of the outstanding notes receivable that have been discounted and derecognized by the Company is RMB3,587,851,918.50, and the remaining maturity of the derecognized notes is within one year.

According to the Law of the People's Republic of China on Negotiable Instruments, if the accepting bank of the Company's discounted notes receivable refuses to pay, the bearer has a recourse right to the Company. For the derecognized notes receivable, the Company has substantially transferred substantially all the risks and rewards of these notes, and therefore the Company derecognizes these notes in full.

8 Accounts receivable

The ageing analysis of the Company's accounts receivable is as follows:

	2021			2020		
	<u>RMB</u>	<u>Percentage of total</u>	<u>Bad debt</u>	<u>RMB</u>	<u>Percentage of total</u>	<u>Bad debt provision</u>
Within 1 year	<u>263,698,660.68</u>	<u>100.00%</u>	<u>(104,784.89)</u>	<u>404,268,433.13</u>	<u>100.00%</u>	<u>(501,498.03)</u>

The ageing is counted starting from the date when accounts receivable are recognised.

Bad debt provision

	<u>2021</u>	<u>2020</u>
Beginning balance	(501,498.03)	(325,507.61)
Add: Accrual for current year	-	(175,990.42)
Less: Reversal for current year	74,051.60	-
Write-off for current year	<u>322,661.54</u>	<u>-</u>
Ending balance	<u>(104,784.89)</u>	<u>(501,498.03)</u>

9 Other receivables

The ageing analysis of the Company's other receivables is as follows:

	2021			2020		
	<u>RMB</u>	<u>Percentage of total</u>	<u>Bad debt provision</u>	<u>RMB</u>	<u>Percentage of total</u>	<u>Bad debt provision</u>
Within 1 year	315,134,345.17	73.05%	-	423,837,873.56	85.05%	-
After 1 year but within 2 years	66,060,313.09	15.31%	-	38,612,811.07	7.75%	-
After 2 years but within 3 years	34,642,418.24	8.03%	-	20,400,877.41	4.09%	-
After 3 years	<u>15,586,695.06</u>	<u>3.61%</u>	<u>-</u>	<u>15,513,052.92</u>	<u>3.11%</u>	<u>-</u>
Total	<u>431,423,771.56</u>	<u>100.00%</u>	<u>-</u>	<u>498,364,614.96</u>	<u>100.00%</u>	<u>-</u>

The ageing is counted starting from the date when other receivables are recognised.

10 Inventories

	<u>2021</u>	<u>2020</u>
Merchandise on hand	1,928,752,847.35	2,309,617,772.56
Less: Provision for diminution in value of inventories	<u>(145,663,161.00)</u>	<u>(149,499,307.22)</u>
Total	<u>1,783,089,686.35</u>	<u>2,160,118,465.34</u>

Provision for diminution in value of inventories:

	<u>2021</u> <u>Merchandise on</u> <u>hand</u>	<u>2020</u> <u>Merchandise on</u> <u>hand</u>
Beginning balance	(149,499,307.22)	(196,099,018.61)
Accrual for current year / period	(36,950,128.35)	-
Decrease for current year		
- transfer out due to sales	26,618,806.23	35,022,504.83
- transfer in due to value rebound	13,504,110.33	11,577,206.56
- transfer out due to write-off	<u>663,358.01</u>	<u>-</u>
Ending balance	<u>(145,663,161.00)</u>	<u>(149,499,307.22)</u>

11 Long-term equity investments

	<u>Beginning</u> <u>balance</u>	<u>Decrease for</u> <u>current year</u>	<u>Ending balance</u>
Long-term equity investments			
- Investments in subsidiaries	(1,479,929.12)	-	(1,479,929.12)
- Investments in JVs	<u>1,508,759,168.99</u>	<u>(157,351,747.43)</u>	<u>1,351,407,421.56</u>
Total long-term investments	<u>1,507,279,239.87</u>	<u>(157,351,747.43)</u>	<u>1,349,927,492.44</u>

(a) Major long-term equity investments

<u>Name of investee enterprise</u>	<u>Percentage of equity interests held by the Company</u>	<u>Initial investment cost</u>	<u>Accounting method</u>
Shanghai Jaguar Land Rover Automotive Service Co., Ltd.	100%	16,000,000.00	Equity method
Chery Jaguar Land Rover Automotive Co., Ltd.	25%	1,737,500,000.00	Equity method

Chery Jaguar Land Rover Automotive Co., Ltd. ("Chery Jaguar Land Rover") is a Sino foreign joint venture established by Jaguar Land Rover Limited and the Company on 16 November 2012 in Changshu, Jiangsu, with a registered capital of RMB 7,000,000,000.00. As at 31 December 2021 and 31 December 2020, the paid-in capital of Chery Jaguar Land Rover was RMB 6,950,000,000.00, of which, Chery Automobile Co., Ltd contributed RMB 3,475,000,000.00, accounting for 50% of the paid-in capital, Jaguar Land Rover Limited contributed RMB 1,737,500,000.00 accounting for 25% of the paid-in capital and the Company contributed RMB 1,737,500,000.00, accounting for 25% of the paid-in capital.

12 Fixed assets

	<u>Electronic equipment and other equipment</u>	<u>Leasehold improvement</u>	<u>Tooling</u>	<u>Total</u>
Cost				
Beginning balance	78,685,262.99	67,357,145.92	465,491,706.04	611,534,114.95
Additions during the year	32,975.78	619,377.48	105,326,853.67	105,979,206.93
Transfer in from construction in progress	583,266.04	-	1,962,354.00	2,545,620.04
Decrease for the year	-	(25,176,511.35)	-	(25,176,511.35)
Reclassified to intangible assets	(9,934,102.02)	-	-	(9,934,102.02)
Ending balance	69,367,402.79	42,800,012.05	572,780,913.71	684,948,328.55
Accumulated depreciation				
Beginning balance	(53,161,526.80)	(46,269,739.93)	(117,127,009.97)	(216,558,276.70)
Accrued depreciation for the year	(4,659,246.75)	(3,005,032.61)	(91,255,207.96)	(98,919,487.32)
Depreciation write-off	-	25,176,511.35	-	25,176,511.35
Reclassified to intangible assets	9,746,923.69	-	-	9,746,923.69
Ending balance	(48,073,849.86)	(24,098,261.19)	(208,382,217.93)	(280,554,328.98)
Net carrying amount				
Ending balance	21,293,552.93	18,701,750.86	364,398,695.78	404,393,999.57
Beginning balance	25,523,736.19	21,087,405.99	348,364,696.07	394,975,838.25

13	Construction in progress	
	Beginning balance	5,983,167.00
	Additions during the year	10,073,213.72
	Transfers to fixed assets during the year	(2,545,620.04)
	Transfer to intangible assets during the year	<u>(2,143,963.31)</u>
	Ending balance	<u>11,366,797.37</u>
14	Intangible assets	
		<u>Software</u>
	Cost	
	Beginning balance	80,367,639.66
	Increase during the year	4,743,050.76
	Transfer from construction in progress during the year	2,143,963.31
	Reclassification of fixed assets	<u>9,934,102.02</u>
	Ending balance	<u>97,188,755.75</u>
	Accumulated amortisation	
	Beginning balance	(46,445,557.61)
	Increase for the year	(10,854,180.38)
	Reclassification of fixed assets	<u>(9,746,923.69)</u>
	Ending balance	<u>(67,046,661.68)</u>
	Net carrying amount	
	Ending balance	<u>30,142,094.07</u>
	Beginning balance	<u>33,922,082.05</u>

15 Short-term loans

	2021			2020		
	<u>Principal</u>	<u>Interest rate (p.a.)</u>	<u>Credit/ secured /pledged/ guaranteed</u>	<u>Principal</u>	<u>Interest rate (p.a.)</u>	<u>Credit/ secured /pledged/ guaranteed</u>
Loans from banks	5,000,000,000.00	3.80%	Credit	5,000,000,000.00	3.80%	Credit
Loans from related parties	521,474,196.11	4.00%	Credit	512,853,466.00	4.00%	Credit
Other loans	<u>215,386,717.58</u>	3.80%	Accounts receivable factor	<u>232,076,750.47</u>	3.80%	Accounts receivable factor
Total	<u>5,736,860,913.69</u>			<u>5,744,930,216.47</u>		

16 Paid-in capital

Registered capital

	2021 and 2020	
	<u>Amount USD</u>	<u>%</u>
Jaguar Land Rover Holdings Ltd.	<u>40,000,000.00</u>	<u>100.0%</u>

Paid-in capital

	2021 and 2020		
	<u>Amount in original currency USD</u>	<u>Amount in RMB equivalent</u>	<u>%</u>
Jaguar Land Rover Holdings Ltd.	<u>10,000,000.00</u>	<u>67,008,160.00</u>	<u>100%</u>

Capital contributions in foreign currency were translated into Renminbi at the exchange rates prevailing at the dates of each contribution received as quoted by the People's Bank of China.

Shanghai Xingzhong Certified Public Accountants, Shanghai Haiming Certified Public Accountants and Shanghai Linfang Certified Public Accountants have verified the above issued and fully paid paid-in capital, and issued related capital verification reports.

17 Surplus reserve

	Note	<u>General reserve fund</u>
Beginning balance		33,504,080.00
Profit distribution	18(a)	<u>97,453,500.00</u>
Ending balance		<u>130,957,580.00</u>

On September 3, 2021, the board of directors approved the company to replenish the reserve fund in the amount of RMB 97,453,500.00. As of December 31, 2021, the accumulated amount of the Company's reserve fund has reached 50% of the registered capital.

18 Profit distribution

(a) Withdrawal of surplus reserves

The Company withdraws each of the following funds in accordance with its Articles of Incorporation:

Withdrawal of surplus reserves – reserve fund	10%
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(b) Distribution of cash profits to investors

(i) Distribution of cash profits to investors within current year

The Board of Directors approved the Company to distribute cash profits of RMB 2,000,000,000.00 and 2,000,000,000.00 respectively on March 3, 2021 and September 3, 2021, in a total of RMB 4,000,000,000.00 (2020: RMB 120,000,000.00).

(ii) Distribution of cash profits to investors upon approval after the Balance Sheet date

The Board of Directors approved the Company to distribute cash profits of RMB 2,000,000,000.00 of previous year on April 1, 2022. The above cash profits approved for distribution have not been recognized as debts in the Balance Sheet.

19 Revenues from principal activities

	<u>2021</u>	<u>2020</u>
Sale of goods	<u>31,416,609,072.42</u>	<u>31,161,096,987.45</u>

20 Financial expenses

	<u>2021</u>	<u>2020</u>
Interest expenses incurred	(229,041,738.19)	(133,655,988.37)
Less: Interest income	17,856,329.65	18,442,765.61
Net exchange gains / (losses)	(531,836.48)	2,403,375.23
Other financial expenses	<u>(3,548,453.02)</u>	<u>(2,231,996.60)</u>
Total	<u>(215,265,698.04)</u>	<u>(115,041,844.13)</u>

21 Investment income

	<u>2021</u>	<u>2020</u>
Interest income from designated loans	765,636,872.23	505,406,488.95
Interest income from monetary market funds	1,699,846.98	205,614.67
Losses recognised under equity method for long-term equity investments	<u>(157,351,747.43)</u>	<u>(215,300,277.30)</u>
Total	<u>609,984,971.78</u>	<u>290,311,826.32</u>

22 Related party relationships and transactions

(a) Related parties with controlling relationships

	<u>Registered address</u>	<u>Principal activities</u>	<u>Relationship with the Company</u>	<u>Type of legal entity</u>
Jaguar Land Rover Holdings Ltd.	UK	Production and sales of vehicles	Parent company	Body corporate
Shanghai Jaguar Land Rover Automotive Service Co., Ltd.	China	Automobile trade services	Subsidiary	Body corporate

The ultimate holding company of the Company is Tata Motors Limited.

(b) Relationship between the Company and related parties without controlling relationships

Relationship with the Company

Jaguar Land Rover Limited	Fellow subsidiary
Jaguar Land Rover Deutschland GmbH	Fellow subsidiary
Jaguar Land Rover (Ningbo) Trading Co., Ltd.	Fellow subsidiary
Chery Jaguar Land Rover Automotive Co., Ltd.	JV
Chery Jaguar Land Rover Automotive Sales Co., Ltd.	Subsidiary of JV
Spark44 Enterprise Management Consulting (Shanghai) Co., Ltd.	Associate of the parent company

(c) The amounts of the Company's related party transactions during the year and its balances with related parties at the end of the year are summarised as follows:

(i) The material related-party transactions of the Company are summarised as follows:

	<u>2021</u>	<u>2020</u>
Sale of goods	1,608,466,400.42	1,240,189,955.15
Purchase of goods	15,647,525,302.04	15,524,414,293.04
Salary income of appointed employees	45,768,251.94	53,793,750.10
Salary expenses of appointed employees	31,077,106.24	32,887,332.11
Regional support service income	182,162,090.94	192,762,374.77
Operation support service income	316,003,695.77	221,670,884.40
Service income with joint ventures	66,101,194.28	60,478,574.63
Compensated income of dealer network use	14,273,665.00	7,136,833.00
Tooling access fee income	125,031,701.87	215,402,036.61
Online marketing service expenses	54,867,569.22	65,889,282.91
Brand promotion service expenses	6,924,546.43	7,981,718.93
Test drive experience service expenses	617,561.11	615,959.74
Information support charge	12,967,439.89	17,538,570.77
Designated loans provided	26,215,780,554.06	26,855,407,667.13
Designated loans received	28,002,165,580.00	16,586,196,544.15
Interest income	765,636,872.23	505,406,488.95
Interest expenses	21,031,484.25	2,039,492.97

(ii) The balances of related party receivables, payables and borrowings at the end of the year are summarised as follows:

	<u>2021</u>	<u>2020</u>
Short-term investments	20,340,876,499.89	22,118,640,795.72
Accounts receivable	110,365,201.41	252,734,306.46
Other receivables	263,639,270.80	382,989,366.65
Interest receivable	60,671,137.59	60,320,000.02
Interest payable	1,298,034.73	783,069.59
Accounts payable	753,677,768.50	532,062,492.12
Other payables	21,332,604.31	35,005,208.27
Short-term borrowings	521,474,196.11	512,853,466.00

23 Commitments

(a) Capital commitments

As at 31 December, capital commitments of the Company are summarised as follows:

	<u>2021</u>	<u>2020</u>
Contracted for - external investment	762,500,000.00	762,500,000.00
Contracted for - investment of fixed assets	<u>116,278,205.36</u>	<u>158,890,601.02</u>
Total	<u>878,778,205.36</u>	<u>921,390,601.02</u>

(b) Operating lease commitments

As at 31 December, the future minimum lease payments under non-cancellable operating leases in respect of the leasing of properties and fixed assets were payable as follows:

	<u>2021</u>	<u>2020</u>
Within 1 year	114,835,699.08	102,575,694.22
After 1 year but within 2 years	95,044,542.63	95,559,900.64
After 2 years but within 3 years	91,232,910.00	95,559,900.64
After 3 years	<u>661,790,439.84</u>	<u>759,126,114.04</u>
Total	<u>962,903,591.55</u>	<u>1,052,821,609.54</u>

Jaguar Land Rover (China) Investment Co., Ltd.
Taxable income adjustment statement
for the year ended 31 December 2021
(Expressed in Renminbi Yuan)

	<u>RMB</u>	<u>Adjusted amount</u>	<u>Amount in RMB after adjustment</u>	<u>Note</u>
Revenues from principal activities	31,416,609,072.42	(481,038,817.90)	30,935,570,254.52	1
Less: Cost of sales from principal activities	(26,513,622,097.62)	(16,116,549.07)	(26,529,738,646.69)	2
Business taxes and surcharges from principal activities	(78,581,529.79)	-	(78,581,529.79)	
Profit from principal activities	4,824,405,445.01	(497,155,366.97)	4,327,250,078.04	
Add: Profits from other operations	67,074,289.32	9,083,493.86	76,157,783.18	3
Less: Operating expenses	(761,359,553.14)	(239,851,194.61)	(1,001,210,747.75)	4
General and administrative expenses	(617,125,721.00)	132,103,419.01	(485,022,301.99)	5
Financial expenses	(215,265,703.92)	343,521.03	(214,922,182.89)	6
Operating profit	3,297,728,756.27	(595,476,127.68)	2,702,252,628.59	
Add: Investment income	609,984,977.66	155,651,900.45	765,636,878.11	7
Subsidy income	240,533,365.80	(763,035.75)	239,770,330.05	8
Non-operating income	3,407,117.21	-	3,407,117.21	
Less: Non-operating expenses	(42,477.09)	-	(42,477.09)	
Total profits	<u>4,151,611,739.85</u>	<u>(440,587,262.98)</u>	<u>3,711,024,476.87</u>	

Note: At the request of the local taxation department, the Company has prepared this "Taxable Income adjustments statement", which is for reference and use by the taxation department only and does not constitute one part of the audited financial statements.

Jaguar Land Rover (China) Investment Co., Ltd.
Taxable income adjustment statement
for the year ended 31 December 2021 (continued)
(Expressed in Renminbi Yuan)

Note 1	Decrease of accrued rebates and others	<u>(481,038,817.90)</u>
Note 2	Decrease of accrued cost	<u>(16,116,549.07)</u>
Note 3	Adjustment of asset depreciation book-tax difference	<u>9,083,493.86</u>
Note 4	Operating expenses not allowed to be disbursed	<u>(239,851,194.61)</u>
Note 5	Other accrued expenses not allowed to be disbursed before tax	161,579,720.78
	Commercial insurances not allowed to be disbursed before tax	3,206,686.84
	Amercement outlay not allowed to be disbursed before tax	234.00
	Entertainment expenses not allowed to be disbursed before tax	108,453.14
	Adjustment of assets amortization book-tax difference	4,169,294.51
	Wage and salary not allowed to be disbursed before tax	(32,728,110.90)
	Provision for diminution in value of inventories not allowed to be disbursed before tax	(3,836,146.22)
	Provision for bad debts of accounts receivable not allowed to be disbursed before tax	<u>(396,713.14)</u>
	Total	<u>132,103,419.01</u>
Note 6	Financial expenses not allowed to be disbursed	<u>343,521.03</u>
Note 7	Interest income of monetary market funds	(1,699,846.98)
	Investment income from long-term equity investments under the Equity Law	<u>157,351,747.43</u>
	Total	<u>155,651,900.45</u>
Note 8	Personnel education related government subsidy	<u>(763,035.75)</u>

Note: At the request of the local taxation department, the Company has prepared this "Taxable Income adjustments statement", which is for reference and use by the taxation department only and does not constitute one part of the audited financial statements.