

Jaguar Land Rover (Ningbo) Trading 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. 2202117

To the board of directors of Jaguar Land Rover (Ningbo) Trading Co., Ltd.,

I. Opinion

We have audited the attached financial statements (from Page 1 to Page 18) of Jaguar Land Rover (Ningbo) Trading Co., Ltd. (hereinafter referred to as "Jaguar Land Rover (Ningbo) 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 (Ningbo) 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 (Ningbo) 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.

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 (Ningbo) Company, disclosing matters related to going concern and using the going concern assumption unless Jaguar Land Rover (Ningbo) Company either intends to liquidate or to cease operations, or has no realistic alternative but to do so.

AUDITOR'S REPORT (Cont.)

KPMG Huazhen Hu Shen Zi No. 2202117

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

The governance layer is responsible for overseeing the financial reporting process of Jaguar Land Rover (Ningbo) 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.
- (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 (Ningbo) 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 (Ningbo) Company to cease to continue as a going concern.

AUDITOR'S REPORT (Cont.)

KPMG Huazhen Hu Shen Zi No. 2202117

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

- (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 (Ningbo) Trading Co., Ltd.

Balance sheet as at 31 December 2021

(Expressed in Renminbi Yuan)

Assets	Note	<u>2021</u>	<u>2020</u>
Current assets			
Cash at bank and on hand	5	47,007,612.48	131,140,798.67
Short-term investments	6	521,474,196.11	512,853,466.00
Notes receivable	7	-	-
Interest receivable		1,298,034.73	783,069.60
Other receivables	8	51,332.49	94,326.14
Payments in advance		186,945,233.56	-
Inventories	9	584,986,337.56	709,368,802.03
Deferred expenses		4,770,642.19	-
Other current assets	10	<u>27,247,730.31</u>	<u>-</u>
Total current assets		<u>1,373,781,119.43</u>	<u>1,354,240,462.44</u>
Total assets		<u>1,373,781,119.43</u>	<u>1,354,240,462.44</u>

The notes on pages 9 to 18 form part of these financial statements.

Jaguar Land Rover (Ningbo) Trading 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 loans	11	132,467,084.61	-
Accounts payable		139,183,906.60	501,241,794.06
Receipts in advance		19,138,310.78	23,497,703.48
Taxes payable	4(c)	184,039,779.30	415,237,889.61
Other payables		77,523,413.50	91,658,403.03
Accrued expenses		<u>253,263,881.72</u>	<u>205,141,233.29</u>
Total current liabilities		<u>805,616,376.51</u>	<u>1,236,777,023.47</u>
Long-term liabilities			
Long-term payables		<u>2,376.35</u>	-
Total long-term liabilities		<u>2,376.35</u>	-
Total liabilities		<u>805,618,752.86</u>	<u>1,236,777,023.47</u>

The notes on pages 9 to 18 form part of these financial statements.

Jaguar Land Rover (Ningbo) Trading 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	12	1,000,000.00	1,000,000.00
Surplus reserves	13	500,000.00	-
Undistributed profits	14	<u>566,662,366.57</u>	<u>116,463,438.97</u>
Total owner's equities		<u>568,162,366.57</u>	<u>117,463,438.97</u>
Total liabilities and owner's equities		<u>1,373,781,119.43</u>	<u>1,354,240,462.44</u>

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

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

Date:

The notes on pages 9 to 18 form part of these financial statements.

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

	Note	<u>2021</u>	<u>From 4 November 2019 ("Incorporation Date") to 31 December 2020</u>
Revenues from principal activities	15	5,656,728,511.61	3,048,303,693.49
Less: Cost of sales from principal activities		(4,791,073,815.21)	(2,551,450,945.37)
Business taxes and surcharges from principal activities	4(a)	<u>(11,108,950.61)</u>	<u>(18,392,464.98)</u>
Profit from principal activities		854,545,745.79	478,460,283.14
Less: Operating expenses		(177,503,027.30)	(169,852,724.51)
General and administrative expenses		(206,166,574.52)	(83,785,697.92)
Financial expenses	16	<u>(314,906.14)</u>	<u>(2,783,746.59)</u>
Operating profit		470,561,237.83	222,038,114.12
Add: Investment income	17	21,031,484.25	2,039,492.97
Subsidy income		125,300,000.00	-
Less: Non-operating expenses		<u>-</u>	<u>-</u>
Profit before income tax		616,892,722.08	224,077,607.09
Less: Income tax	4(b)	<u>(166,193,794.48)</u>	<u>(107,614,168.12)</u>
Net profit		450,698,927.60	116,463,438.97
Add: Undistributed profits at the beginning of the year / period		<u>116,463,438.97</u>	<u>-</u>
Distributable profits		567,162,366.57	116,463,438.97
Less: Withdrawal of reserve funds	14	<u>(500,000.00)</u>	<u>-</u>
Undistributed profits at the end of the year / period		<u>566,662,366.57</u>	<u>116,463,438.97</u>

The notes on pages 9 to 18 form part of these financial statements.

Jaguar Land Rover (Ningbo) Trading 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>From 4 November 2019 ("Incorporation Date") to 31 December 2020</u>
Cash flows from operating activities:			
Cash received from sale of goods		6,084,075,741.08	3,656,975,171.95
Cash received relating to other operating activities		<u>128,119,275.68</u>	<u>495,076.72</u>
Sub-total of cash inflows		<u>6,212,195,016.76</u>	<u>3,657,470,248.67</u>
Cash paid for purchasing goods and receiving services		(4,470,655,517.49)	(2,383,917,627.55)
Cash paid to and for employees		(62,318,515.85)	(31,618,047.96)
Cash paid for all types of taxes		(1,625,614,549.56)	(458,594,749.80)
Cash paid relating to other operating activities		<u>(279,240,223.44)</u>	<u>(138,521,945.18)</u>
Sub-total of cash outflows		<u>(6,437,828,806.34)</u>	<u>(3,012,652,370.49)</u>
Net cash (outflow)/inflow from operating activities	i	<u>(225,633,789.58)</u>	<u>644,817,878.18</u>

The notes on pages 9 to 18 form part of these financial statements.

Jaguar Land Rover (Ningbo) Trading 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>From 4 November 2019 ("Incorporation Date") to 31 December 2020</u>
Cash flows from investing activities:			
Cash received from the recovery of investments		5,545,488,574.09	-
Cash received from return on investments		<u>20,516,519.12</u>	<u>1,256,423.37</u>
Sub-total of cash inflows		<u>5,566,005,093.21</u>	<u>1,256,423.37</u>
Cash paid for acquisition of investments		<u>(5,554,109,304.20)</u>	<u>(512,853,466.00)</u>
Sub-total of cash outflows		<u>(5,554,109,304.20)</u>	<u>(512,853,466.00)</u>
Net cash inflow/(outflow) from investing activities		<u>11,895,789.01</u>	<u>(511,597,042.63)</u>

The notes on pages 9 to 18 form part of these financial statements.

Jaguar Land Rover (Ningbo) Trading 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>From 4 November 2019 ("Incorporation Date") to 31 December 2020</u>
Cash flows from financing activities:			
Cash received by investors		-	1,000,000.00
Cash received from borrowings		<u>439,882,211.65</u>	<u>-</u>
Sub-total of cash inflows		<u>439,882,211.65</u>	<u>1,000,000.00</u>
Cash paid for debt repayment		(307,415,127.04)	-
Cash paid for distribution of dividends, profits or repayment of interest		(2,698,835.44)	(3,080,036.88)
Cash paid relating to other financing activities		<u>(163,434.79)</u>	<u>-</u>
Sub-total of cash outflows		<u>(310,277,397.27)</u>	<u>(3,080,036.88)</u>
Net cash inflow/(outflow) from financing activities		<u>129,604,814.38</u>	<u>(2,080,036.88)</u>
Net (decrease)/increase in cash and cash equivalents	ii	<u>(84,133,186.19)</u>	<u>131,140,798.67</u>

The notes on pages 9 to 18 form part of these financial statements.

Jaguar Land Rover (Ningbo) Trading 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>From 4 November 2019 ("Incorporation Date") to 31 December 2020</u>
i Reconciliation of net profit to cash flows from operating activities:		
Net profit	450,698,927.60	116,463,438.97
Add: (Reversed)/accrued provision for diminution in value of inventories	(240,192.60)	1,237,832.10
Increase in deferred expenses	(4,770,642.19)	-
Increase in accrued expenses	48,122,648.43	205,141,233.29
Financial expenses	3,093,407.81	3,080,036.88
Income from investment	(21,031,484.25)	(2,039,492.97)
Decrease/(increase) in gross inventories	124,622,657.07	(710,606,634.13)
Increase in gross operating receivables	(214,149,970.22)	(94,326.14)
(Decrease)/increase in gross operating payables	<u>(611,979,141.23)</u>	<u>1,031,635,790.18</u>
Net cash (outflow)/inflow from operating activities	<u>(225,633,789.58)</u>	<u>644,817,878.18</u>
ii Net (decrease)/increase in cash and cash equivalents:		
Ending balance of cash and cash equivalents	47,007,612.48	131,140,798.67
Less: Beginning balance of cash and cash equivalents	<u>131,140,798.67</u>	<u>-</u>
Net (decrease)/increase in cash and cash equivalents	<u>(84,133,186.19)</u>	<u>131,140,798.67</u>

The notes on pages 9 to 18 form part of these financial statements.

Jaguar Land Rover (Ningbo) Trading Co., Ltd.

Notes to the financial statements

(Expressed in Renminbi Yuan)

1 Company status

Jaguar Land Rover (Ningbo) Trading Co., Ltd. ("the Company") was established in November 2019 and began operations in May 2020. It is a wholly foreign-owned enterprise invested and established by Jaguar Land Rover Limited in Ningbo, Zhejiang Province, with an operating period of 9 years and a registered capital of RMB 1,000,000 yuan. Its main business includes importing brand-new Jaguar and Land Rover models from overseas (such as the current imported brand-new Land Rover Defender models) and distributing them to dealers in China. The company leased a facility in Ningbo to build and operate an off-road park for the test drive and brand promotion of Jaguar Land Rover models.

2 Basis of preparation

The principal accounting policies adopted by the Company 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).

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) 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.

(e) 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.

(f) 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.

(g) 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) 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"

(h) Operating lease charges

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

(i) 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.

(j) 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.

(k) 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.

(l) 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.

(m) 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.

(n) 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.

(o) Profits appropriated to the owner

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

(p) 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	7% of VAT payable
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, education fee surcharge etc.

(b) Income tax

Income tax in the income statement represents:

	<u>2021</u>	<u>From 4 November 2019 ("Incorporation Date") to 31 December 2020</u>
Enterprise income tax for this year / period	<u>166,193,794.48</u>	<u>107,614,168.12</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>
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Value added tax payable	-	135,698,377.52
Income tax payable	82,659,437.90	107,614,168.12
Customs duty payable	47,113,566.72	75,641,292.60
Consumption tax payable	53,479,190.44	79,079,532.77
Taxes and surcharges payable	<u>787,584.24</u>	<u>17,204,518.60</u>
Total	<u>184,039,779.30</u>	<u>415,237,889.61</u>

5 Cash at bank and on hand

	<u>2021</u>	<u>2020</u>
Demand deposits	<u>47,007,612.48</u>	<u>131,140,798.67</u>

6 Short-term investments

	<u>Beginning balance</u>	<u>Increase for current year</u>	<u>Decrease for current year</u>	<u>Ending balance</u>
Debt investments				
- Designated loans	<u>512,853,466.00</u>	<u>5,554,109,304.2</u>	<u>(5,545,488,574.09)</u>	<u>521,474,196.11</u>

Designated loans include the loans to Jaguar Land Rover (China) Investment Co., Ltd. of RMB 521,474,196.11, with an annual interest rate of 4% and no fixed repayment period.

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 RMB 421,114,180.72, 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 Other receivables

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

	<u>2021</u>			<u>2020</u>		
	<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	<u>51,332.49</u>	<u>100.00%</u>	<u>-</u>	<u>94,326.14</u>	<u>100.00%</u>	<u>-</u>

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

9 Inventories

	<u>2021</u>	<u>2020</u>
Merchandise on hand	585,983,977.06	710,606,634.13
Less: Provision for diminution in value of inventories	<u>(997,639.50)</u>	<u>(1,237,832.10)</u>
Total	<u>584,986,337.56</u>	<u>709,368,802.03</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	(1,237,832.10)	-
Provision for current year / period	(467,861.70)	(1,237,832.10)
Decrease for current year / period		
Reversal after value rebound	<u>708,054.30</u>	<u>-</u>
Ending balance	<u>(997,639.50)</u>	<u>(1,237,832.10)</u>

10 Other current assets

	<u>2021</u>	<u>2020</u>
Deductible input VAT	<u>27,247,730.31</u>	<u>-</u>

11 Short-term loans

	2021			2020		
	<u>Principal</u>	<u>Interest</u> <u>rate</u> <u>(p.a.)</u>	<u>Credit/</u> <u>secured</u> <u>/pledged/</u> <u>guaranteed</u>	<u>Principal</u>	<u>Interest</u> <u>rate</u> <u>(p.a.)</u>	<u>Credit/</u> <u>secured</u> <u>/pledged/</u> <u>guaranteed</u>
Cash pool loans from related parties	<u>132,467,084.61</u>	4%	Credit	<u>-</u>	-	-

12 Paid-in capital

Registered capital and paid-in capital

	<u>2021 and 2020</u>	
	<u>Amount</u> RMB	<u>%</u>
Jaguar Land Rover Limited	<u>1,000,000.00</u>	<u>100%</u>

13 Surplus reserves

	Note	<u>Reserve fund</u>
Beginning balance		-
Profit distribution	14	<u>500,000.00</u>
Ending balance		<u>500,000.00</u>

The Company replenished the reserve fund in the amount of RMB 500,000.00 yuan in 2021 in accordance with its Articles of Incorporation. As of December 31, 2021, the accumulated amount of the Company's reserve fund has reached 50% of the registered capital.

14 Profit distribution

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%

15 Revenues from principal activities

	<u>2021</u>	<u>From 4 November 2019 ("Incorporation Date") to 31 December 2020</u>
Sale of goods	<u>5,656,728,511.61</u>	<u>3,048,303,693.49</u>

16 Financial expenses

	<u>2021</u>	<u>From 4 November 2019 ("Incorporation Date") to 31 December 2020</u>
Interest expenses incurred	(2,929,973.02)	(3,080,036.88)
Less: Interest income	2,819,275.68	495,076.72
Other financial expenses	<u>(204,208.80)</u>	<u>(198,786.43)</u>
Total	<u>(314,906.14)</u>	<u>(2,783,746.59)</u>

17 Investment gains

	<u>2021</u>	<u>From 4 November 2019 ("Incorporation Date") to 31 December 2020</u>
Interest income from designated loans	<u>21,031,484.25</u>	<u>2,039,492.97</u>

18 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 Limited	UK	Production and sales of vehicles	Parent company	Body corporate

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

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

	<u>Relationship with the Company</u>
Jaguar Land Rover Investment (China) Co., Ltd.	Fellow subsidiary

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

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

	<u>2021</u>	<u>From 4 November 2019 ("Incorporation Date") to 31 December 2020</u>
Purchase of goods	3,287,955,135.09	1,842,646,591.00
Operation support service fee	316,003,695.77	221,670,884.40
Compensation for the usage of dealership network	14,273,665.00	7,136,833.00
Provision of entrusted loans	5,861,524,431.24	2,736,342,546.02
Recovery of entrusted loans	5,985,370,785.74	2,223,489,080.02
Interest income	21,031,484.25	2,039,492.97
Interest expense	2,929,973.02	3,080,036.88

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

	<u>2021</u>	<u>2020</u>
Short-term investments	521,474,196.11	512,853,466.00
Interest receivable	1,298,034.73	783,069.59
Accounts payable	138,765,742.93	490,281,740.00
Other payables	77,051,122.03	91,558,546.18
Interest payable	231,137.58	-
Short-term loans	132,467,084.61	-

19 Operating lease commitments

As at 31 December, the future minimum lease payments payable by the Company under non-cancellable operating leases in respect of the leasing of Properties are as follows:

	<u>2021</u>	<u>2020</u>
Within 1 year	3,280,000.00	9,790,000.00
After 1 year but within 2 years	3,280,000.00	3,280,000.00
After 2 years but within 3 years	3,280,000.00	3,280,000.00
After 3 years	<u>19,680,000.00</u>	<u>22,960,000.00</u>
Total	<u><u>29,520,000.00</u></u>	<u><u>39,310,000.00</u></u>

Jaguar Land Rover (Ningbo) Trading 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	5,656,728,511.61	-	5,656,728,511.61	
Less: Cost of sales from principal activities	(4,791,073,815.21)	-	(4,791,073,815.21)	
Business taxes and surcharges from principal activities	<u>(11,108,950.61)</u>	<u>-</u>	<u>(11,108,950.61)</u>	
Profit from principal activities	854,545,745.79	-	854,545,745.79	
Less: Operating expenses	(177,503,027.30)	48,122,648.43	(129,380,378.87)	1
General and administrative expenses	(206,166,574.51)	(240,192.60)	(206,406,767.11)	2
Financial expenses	<u>(314,906.14)</u>	<u>-</u>	<u>(314,906.14)</u>	
Operating profit	470,561,237.84	47,882,455.83	518,443,693.67	
Add: Investment income	21,031,484.25	-	21,031,484.25	
Subsidy income	125,300,000.00	-	125,300,000.00	
Less: Non-operating expenses	<u>(0.01)</u>	<u>-</u>	<u>(0.01)</u>	
Total profits before income tax	<u>616,892,722.08</u>	<u>47,882,455.83</u>	<u>664,775,177.91</u>	
Note 1 Non-deductible accrued expenses before tax			<u>48,122,648.43</u>	
Note 2 Non-deductible Provision for diminution in value of inventories before tax			<u>(240,192.60)</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.