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YANGTZE RIVER PORT AND LOGISTICS LIMITED UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

	<u>March 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
	(Unaudited)	(Unaudited)
ASSETS		
Cash and cash equivalents	\$ 85,425	\$ 75,514
Other assets and receivables	4,399,282	4,408,629
Real estate property completed	31,272,302	31,378,370
Real estate properties and land lots under development	362,796,350	364,019,575
Property and equipment, net	26,621	26,711
Deferred tax assets	9,334,515	9,106,092
Total Assets	\$ 407,914,495	\$ 409,014,891
LIABILITIES AND EQUITY		
Liabilities		
Accounts payable	5,459,901	5,478,420
Due to related parties	37,549,669	37,554,627
Other taxes payable	105,809	92,897
Other payables and accrued liabilities	44,005,737	42,268,476
Real estate property refund and compensation payables	32,666,203	32,413,842
Convertible notes	75,000,000	75,000,000
Loans payable	43,905,566	44,054,482
Total Liabilities	\$ 238,692,885	\$ 236,862,744
Equity		
Preferred stock at \$0.0001 par value; 100,000,000 shares authorized; none issued or outstanding	\$ -	\$ -
Common stock at \$0.0001 par value; 500,000,000 shares authorized; 179,528,638 and 179,528,638 shares, respectively issued and outstanding at March 31, 2021 and December 31, 2020	17,953	17,953

Additional paid-in capital	251,462,137	251,462,137
Accumulated losses	(76,630,348)	(74,681,227)
Accumulated other comprehensive loss	(5,628,132)	(4,646,716)
Total Equity	\$ 169,221,610	\$ 172,152,147
Total Liabilities and Equity	\$ 407,914,495	\$ 409,014,891

See notes to the unaudited condensed consolidated financial statements

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YANGTZE RIVER PORT AND LOGISTICS LIMITED
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND
COMPREHENSIVE LOSS

	For the Three Months Ended March 31,	
	2020	2019
	(Unaudited)	(Unaudited)
Revenue	\$ -	\$ -
Costs of revenue	-	-
Gross profit	-	-
Operating expenses		
General and administrative expenses	45,308	408,655
Total operating expenses	45,308	408,655
Loss from operations	(45,308)	(408,655)
Other income (expenses)		
Interest income	48	77
Interest expenses	(2,150,016)	(2,142,671)
Total other expenses	(2,149,968)	(2,142,594)
Loss before income taxes	(2,195,276)	(2,551,249)
Income taxes benefits	246,155	322,110
Net loss	\$ (1,949,121)	\$ (2,229,139)
Other comprehensive income		
Foreign currency translation adjustments	(981,416)	(4,434,994)
Comprehensive (loss) income	\$ (2,930,537)	\$ (6,664,133)
Loss per share - basic and diluted	\$ (0.01)	\$ (0.01)
Weighted average shares outstanding		
Basic	179,528,638	179,528,638
Diluted	179,528,638	179,528,638

See notes to the unaudited condensed consolidated financial statements

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YANGTZE RIVER PORT AND LOGISTICS LIMITED
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	<u>Common stock</u>		<u>Additional paid-in capital</u>	<u>Accumulated losses</u>	<u>Accumulated other comprehensive (loss) income</u>	<u>Total</u>
	<u>Number of shares</u>	<u>Amount</u>				
Balance, January 1, 2020 (Unaudited)	179,528,638	17,953	251,462,137	(65,671,548)	(21,990,417)	163,818,125
Net loss	-	-	-	(2,229,139)	-	(2,229,139)
Foreign currency translation adjustment	-	-	-	-	(4,434,994)	(4,434,994)
Balance, March 31, 2020 (Unaudited)	<u>179,528,638</u>	<u>17,953</u>	<u>251,462,137</u>	<u>(67,900,687)</u>	<u>(26,425,411)</u>	<u>157,153,992</u>
Balance, January 1, 2021 (Unaudited)	179,528,638	17,953	251,462,137	(74,681,228)	(4,646,715)	172,152,147
Net loss	-	-	-	(1,949,121)	-	(1,949,121)
Foreign currency translation adjustment	-	-	-	-	(981,416)	(981,416)
Balance, March 31, 2021 (Unaudited)	<u>179,528,638</u>	<u>17,953</u>	<u>251,462,137</u>	<u>(76,630,349)</u>	<u>(5,628,131)</u>	<u>169,221,610</u>

See notes to the unaudited condensed consolidated financial statements

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YANGTZE RIVER PORT AND LOGISTICS LIMITED
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Three Months Ended	
	March 31,	
	<u>2021</u>	<u>2020</u>
	(Unaudited)	(Unaudited)
Cash Flows from Operating Activities:		
Net loss	\$ (1,996,624)	\$ (2,229,139)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation of property, and equipment	-	626
Deferred tax benefit	(261,918)	(322,110)
Share-based compensation expense	(399,750)	(401,750)
Changes in operating assets and liabilities:		
Other assets and receivables	-	42,540

Real estate property completed	-	-
Real estate properties and land lots under development	(7,341)	(32,163)
Other taxes payable	13,365	12,413
Other payables and accrued liabilities	2,190,010	2,163,542
Real estate property refund and compensation payables	365,719	657,980
Net Cash Used In Operating Activities	(96,539)	(108,061)
Cash Flows from Financing Activities:		
Advances from related parties	106,729	-
Repayment to related parties	-	(43,578)
Net Cash Provided By (Used in) Financing Activities	106,729	(43,578)
Effect of Exchange Rate Changes on Cash and Cash Equivalents		
	(279)	(1,812)
Net Decrease In Cash and Cash Equivalents	10,190	(151,639)
Cash and Cash Equivalents at Beginning of Period	75,514	5,177,398
Cash and Cash Equivalents at End of Period	\$ 85,425	\$ 5,023,947
Supplemental Cash Flow Information:		
Cash paid for interest expenses	\$ -	\$ -
Cash paid for income tax	\$ -	\$ -

See notes to the unaudited condensed consolidated financial statements

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YANGTZE RIVER PORT AND LOGISTICS LIMITED
NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
MARCH 31, 2021 AND DECEMBER 31, 2020

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

The unaudited condensed consolidated financial statements include the financial statements of Yangtze River Port and Logistics Limited (the “Company” or “Yangtze River”) and its subsidiaries, Energetic Mind Limited (“Energetic Mind”), Ricofeliz Capital (HK) Limited (“Ricofeliz Capital”), and Wuhan Yangtze River Newport Logistics Co., Ltd. (“Wuhan Newport”).

The Company, formerly named as Yangtze River Development Limited, Kirin International Holding, Inc., and Cigarette, Inc., was incorporated in the State of Nevada on December 23, 2009. The Company was a development stage company and has not generated significant revenue since inception to March 1, 2011.

On March 1, 2011, the Company entered into a share exchange agreement that Kirin China Holding Limited (“Kirin China”) became the Company’s wholly-owned subsidiary. Kirin China engaged in the development and sales of residential and commercial real estate properties, and development of land lots in People’s Republic of China (“China”, or the “PRC”).

On December 19, 2015, the Company completed a share exchange (the “Share Exchange”) with Energetic Mind and all the shareholders of Energetic Mind, whereby Yangtze River acquired 100% of the issued and outstanding capital stock of Energetic Mind, in exchange for 151,000,000 shares of Yangtze River’s common stock, which constituted approximately 88% of its issued and outstanding shares on a fully-diluted basis of Yangtze River immediately after the consummation of the Share Exchange, and an 8% convertible note (the “Note”) in the principal amount of

\$150,000,000. As a result of the Share Exchange, Energetic Mind became Yangtze River's wholly-owned subsidiary and Jasper Lake Holdings Limited ("Jasper"), the former shareholder of Energetic Mind, became Yangtze River's controlling stockholder. The Share Exchange transaction with Energetic Mind was treated as an acquisition, with Energetic Mind as the accounting acquirer and Yangtze River as the acquired party. The financial statements before the date of the Share Exchange are those of Energetic Mind with the results of the Company being condensed consolidated from the date of the Share Exchange.

Energetic Mind owns 100% of Ricofeliz Capital and operates its business through its subsidiary Wuhan Newport.

Wuhan Newport was a wholly owned subsidiary of Wuhan Renhe Group Co., Ltd. (the "Wuhan Renhe"), a company incorporated in the PRC as at September 23, 2002. On July 13, 2015, Wuhan Renhe transferred all of the equity interests of the Company to Ricofeliz Capital, a company incorporated in Hong Kong on March 25, 2015. Ricofeliz Capital was incorporated by Energetic Mind, a company incorporated in British Virgin Islands ("BVI"). Energetic Mind was incorporated by Mr. Liu Xiangyao on January 2, 2015, and was subsequently purchased by various companies incorporated in BVI or the United States of America ("USA"), among whom Jasper became its 64% owner. Jasper was 100% owned by Mr. Liu Xiangyao, a Hong Kong citizen.

The major assets of Wuhan Newport include land lots for developing commercial buildings that are in line with the principal activities of Kirin China.

On December 31, 2015, the Company entered into certain stock purchase and business sale agreements (the "Agreements") with Kirin Global Enterprises, Inc. (the "Purchaser"), a California corporation and an entity controlled by a former officer and director of the Company whereby the Company sold its interest in certain subsidiaries (see Note 11) for an aggregate of \$75,000,002. (the "Sale").

Pursuant to the terms of the Agreements, Jasper agreed to finance the Sale by reducing Company's financial obligations of the Note by an aggregate of \$75,000,000. In addition, the Purchaser agreed to pay the remaining two dollars in cash.

Upon completion of the Sale, the Company operates its business solely through its subsidiary Wuhan Newport, primarily engaging in the business as a port logistic center located in the middle reaches of the Yangtze River in the PRC.

On April 16, 2019, the Company entered into a Sales Agreement (the "Sales Agreement") with A.G.P./Alliance Global Partners (the "Agent"), pursuant to which the Company may offer and sell from time to time up to an aggregate of \$100,000,000 shares of the Company's common stock (the "Placement Shares"), through the Agent. The offer and sale of the Placement Shares, if any, will be made through a prospectus supplement, dated April 16, 2019, to the prospectus included in the Company's Registration Statement on Form S-3 (File No. 333-223788) (the "Registration Statement"), which was declared effective by the Securities and Exchange Commission ("SEC") on September 13, 2018. The Company intends to use the net proceeds from this offering for general working capital purposes.

On July 2, 2019, the Company acquired Mega Ample Investment Limited ("Mega Ample"), a company incorporated in the BVI as at December 2, 2016. Mega Ample is an investment holding company and owns 100% of Ricofeliz Holding & Development Limited ("Ricofeliz Holding"), a company incorporated in Hong Kong as at January 9, 2017. Ricofeliz Holding was inactive. During the third quarter of 2020, the Company disposed of the Mega Ample and Ricofeliz Holding with immaterial financial effect.

On October 17, 2019, the Nasdaq Listing and Hearing Review Council informed the Company of its decision to affirm the prior decision of the Nasdaq Hearings Panel, dated August 16, 2019, to delist the Company's securities from The Nasdaq Stock Market, LLC ("NASDAQ"). The suspension of trading in the shares became effective at the open of business on August 20, 2019.

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

EDP Transaction

On December 26, 2017, the Company entered into an agreement with shareholders holding 100% of the equity interest of Wuhan Economic Development Port Limited (the “Acquiree” or “EDP”) to acquire all the interests of Acquiree; and the Acquiree Shareholders will acquire all the equity interest held by the Company in Energetic Mind. Energetic Mind holds 100% interest in Ricofeliz Capital that holds 100% capital stock of Wuhan Newport.

Upon execution of the Purchase Agreement, the Acquiree will undergo reorganization. As a result of the reorganization, the Acquiree has become a limited liability company. It will be held by a Hong Kong company, which will be 100% owned by a BVI entity.

The closing of the transaction is conditioned upon satisfaction of due diligence by both parties, the completion of auditing of the financial statements of the Acquiree, and the approval of relevant regulatory agencies.

The consideration of the acquisition transaction will be first offset against both parties of the target companies leaving the balance of RMB 600 million (or approximately \$91 million) to be paid by the Company to the Acquiree Shareholders. Refundable deposit of RMB 30 million shall be paid to the Acquiree Shareholders upon initial due diligence and auditing. The remaining RMB 570 million shall be paid at closing in cash or in the form of a 7% convertible note.

The closing deadline of the transaction was originally March 31, 2018 and was extended three times to April 30, 2018, May 31, 2018 and finally, July 31, 2018. The Transaction has not been closed and the Company and the Acquiree Shareholders, the representative of the shareholders of Wuhan Port have failed to reach an agreement to further extend the closing deadline for the transaction. Accordingly, the parties have terminated the said purchase agreement and the transaction.

Spin-off Transaction

On January 30, 2018, the Company incorporated Yangtze River Blockchain Logistics Limited (“Blockchain Logistics”)(formerly known as Avenal River Limited) in the British Virgin Islands. Blockchain Logistics owns all of the shares of Ricofeliz Investment (China) Limited, a Hong Kong company, which in turn owns 100% of the equity interest of Wuhan Yangtze River Newport Trading Limited, a PRC company.

On February 15, 2018, the majority of the Company’s shareholders and the Board of Directors resolved that 1 share of Blockchain Logistics will be issued for every 1 share held by Yangtze River Port and Logistics Limited “YRIV” (the “Spin-off Transaction”).

On April 24, 2018, due to the potential costs related to the Spin-off Transaction and the fact that the Company’s board of directors has determined that it is in the best interest of the Company not to proceed with the Spin-off Transaction.

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YANGTZE RIVER PORT AND LOGISTICS LIMITED NOTES TO THE FINANCIAL STATEMENTS

Armada Transaction

On October 6, 2016 and November 23, 2016 the Company, by and among Armada Enterprises GP (“Armada”) and Wight International Construction, LLC (“Wight”), entered into (i) a Contribution, Conveyance and Assumption Agreement (“Contribution Agreement”) dated October 3, 2016 and its first and second addendums and (ii) an Amended and Restated Limited Liability Company Agreement dated November 16, 2016 (collectively with the Contribution Agreement, the “Agreements” or “Transaction”), whereby the Company acquired 100 million preferred B membership units, which will be ultimately converted into 100 million LP units in Armada Enterprises LP and in

exchange, the Company issued a \$500 million convertible promissory note (“Note”) and 50,000,000 shares of the Company’s common stock to Wight. As result of the Transaction and the conversion of the Note on November 17, 2016, Wight owns 100,000,000 shares of the Company’s common stock representing 36.73% of the Company’s voting power; the Company owns 100 million preferred B membership units in Wight representing 62.5% non-voting equity interest in Wight.

Under the terms of the Transaction, at the first closing, Wight was required to provide an aggregate total of \$200 million, consisting \$50 million in Working Capital and \$150 million in Construction Funding, to the Company by January 18, 2017. Wight did not provide the funding on January 18, 2017 and the Company gave Notice of Default and Request for Cure. Wight proposed to provide \$50 million in Working Capital on or before February 15, 2017 and secure \$150 million in Construction Funding on or before March 15, 2017. Wight failed to provide the \$50 million in Working Capital as proposed by February 15, 2017. Therefore, the Company, on February 24, 2017 determined to terminate the Transaction for non-performance by Wight pursuant to the Agreements executed among the Company, Armada and Wight. Pursuant to the Agreements, the termination of the Transaction calls for the immediate return of the 100,000,000 shares of common stock issued by the Company to Wight. On February 27, 2017, the Company issued a Notice of Termination to Wight and demanded the return of the 100,000,000 shares of common stock according to the Agreements. The Company reserves the right to pursue any further legal action with respect to Armada and Wight’s default.

Under the terms of the Armada Agreement, at the first closing, Wight was required to provide an aggregate total of \$200 million, \$50 million in Working Capital and \$150 million in Construction Funding, to us by January 18, 2017. Wight did not provide the funding on January 18, 2017 and we gave Notice of Default and Request for Cure. Wight proposed to provide \$50 million in Working Capital on or before February 15, 2017 and secure \$150 million in Construction Funding on or before March 15, 2017. Wight failed to provide the \$50 million in Working Capital as proposed by February 15, 2017.

On February 24, 2017, due to Wight’s nonperformance and nonpayment of \$50 million for the First Financing, the Company decided to unwind Armada Financing. Pursuant to Armada Agreement, the termination of the Armada Agreement calls for the immediate return of the 100,000,000 shares of common stock issued by the Company to Wight. On February 27, 2017, the Company issued a notice of termination of contract to Wight. As at March 1, 2017, the Company cancelled the 100,000,000 shares of common stocks issued to Wight.

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YANGTZE RIVER PORT AND LOGISTICS LIMITED NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America (“GAAP”).

The unaudited condensed consolidated financial statements include the financial statements of all the subsidiaries. All transactions and balances between the Company and its subsidiaries have been eliminated upon consolidation.

The unaudited condensed consolidated balance sheets are presented unclassified because the time required to complete real estate projects and the Company’s working capital considerations usually stretch for more than one-year period.

2.2 Use of estimates

The preparation of unaudited condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the unaudited condensed consolidated financial statements, and the

reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. On an ongoing basis, management reviews these estimates using the currently available information. Changes in facts and circumstances may cause the Company to revise its estimates. Significant accounting estimates reflected in the unaudited condensed consolidated financial statements include: (i) the allowance for doubtful debts; (ii) accrual of estimated liabilities; (iii) contingencies; (iv) deferred tax assets; (v) impairment of long-lived assets; (vi) useful lives of property plant and equipment; and (vii) real estate property refunds and compensation payables.

2.3 Cash and cash equivalents

Cash and cash equivalents consist of cash and bank deposits with original maturities of three months or less, which are unrestricted as to withdrawal and use. The Company maintains accounts at banks and has not experienced any losses from such concentrations.

2.4 Property and equipment

The property and equipment are stated at cost less accumulated depreciation. The depreciation is computed on a straight-line method over the estimated useful lives of the assets with 5% salvage value. Estimated useful lives of property and equipment are stated in Note 7.

The Company eliminates the cost and related accumulated depreciation of assets sold or otherwise retired from the accounts and includes any gain or loss in the statement of income. The Company charges maintenance, repairs and minor renewals directly to expenses as incurred; major additions and betterment to equipment are capitalized.

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YANGTZE RIVER PORT AND LOGISTICS LIMITED NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

2.5 Impairment of long-lived assets

The Company applies the provisions of ASC No. 360 Sub topic 10, "Impairment or Disposal of Long-Lived Assets" (ASC 360-10) issued by the Financial Accounting Standards Board ("FASB"). ASC 360-10 requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable through the estimated undiscounted cash flows expected to result from the use and eventual disposition of the assets. Whenever any such impairment exists, an impairment loss will be recognized for the amount by which the carrying value exceeds the fair value.

The Company tests long-lived assets, including property and equipment and finite lived intangible assets, for impairment at least annually or more frequently upon the occurrence of an event or when circumstances indicate that the net carrying amount is greater than its fair value. Assets are grouped and evaluated at the lowest level for their identifiable cash flows that are largely independent of the cash flows of other groups of assets. The Company considers historical performance and future estimated results in its evaluation of potential impairment and then compares the carrying amount of the asset to the future estimated cash flows expected to result from the use of the asset. If the carrying amount of the asset exceeds estimated expected undiscounted future cash flows, the Company measures the amount of impairment by comparing the carrying amount of the asset to its fair value. The estimation of fair value is generally measured by discounting expected future cash flows at the rate the Company utilizes to evaluate potential investments. The Company estimates fair value based on the information available in making whatever estimates, judgments and projections are considered necessary. There were no impairment losses for the three months ended March 31, 2021 and 2020.

2.6 Fair values of financial instruments

ASC Topic 825, Financial Instruments ("Topic 825") requires disclosure of fair value information of financial instruments, whether or not recognized in the balance sheets, for which it is practicable to estimate that value. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation

techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. In that regard, the derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases, could not be realized in immediate settlement of the instruments. Topic 825 excludes certain financial instruments and all nonfinancial assets and liabilities from its disclosure requirements. Accordingly, the aggregate fair value amounts do not represent the underlying value of the Company.

Level 1 inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the assets or liability, either directly or indirectly, for substantially the full term of the financial instruments.

Level 3 inputs to the valuation methodology are unobservable and significant to the fair value.

As of March 31, 2021 and December 31, 2020, financial instruments of the Company primarily comprise of cash, accrued interest receivables, other receivables, short-term bank loans, deposits payables and accrued expenses, which were carried at cost on the balance sheets, and carrying amounts approximated their fair values because of their generally short maturities.

2.7 Convertible notes

In accordance with ASC subtopic 470-20, the convertible notes are initially carried at the principal amount of the convertible notes. Debt premium or discounts, which are the differences between the carrying value and the principal amount of convertible notes at the issuance date, together with related debts issuance cost, are subsequently amortized using effective interest method as adjustments to interest expense from the debt issuance date to its first redemption date. Convertible notes are classified as a current liability if they are or will be callable by the Company or puttable by the debt holders within one year from the balance sheet date, even though liquidation may not be expected within that period.

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YANGTZE RIVER PORT AND LOGISTICS LIMITED NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

2.8 Foreign currency translation and transactions

The Company's unaudited condensed consolidated financial statements are presented in the U.S. dollar (US\$), which is the Company's reporting currency. Yangtze River, Energetic Mind, and Ricofeliz Capital uses US\$ as its functional currency. Wuhan Newport uses Renminbi Yuan ("RMB") as its functional currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of transaction. Any differences between the initially recorded amount and the settlement amount are recorded as a gain or loss on foreign currency transaction in the statements of operations.

In accordance with ASC 830, Foreign Currency Matters, the Company translated the assets and liabilities into US\$ using the rate of exchange prevailing at the applicable balance sheet date and the statements of operations and cash flows are translated at an average rate during the reporting period. Adjustments resulting from the translation are recorded in owners' equity as part of accumulated other comprehensive income.

	March 31, 2021	December 31, 2020
Balance sheet items, except for equity accounts	6.5527	6.5306
	For the Three Months Ended March 31,	

	<u>2021</u>	<u>2020</u>
Items in the statements of operations and comprehensive income, and statement of cash flows	6.4848	6.9821

2.9 Revenue recognition

The Company recognizes revenue from steel trading when persuasive evidence of an arrangement exists, delivery has occurred, the price is fixed or determinable and collection is reasonably assured.

Real estate sales are reported in accordance with the provisions of ASC 360-20, Property, Plant and Equipment, Real Estate Sales.

Revenue from the sales of completed properties and properties where the construction period is twelve months or less is recognized by the full accrual method when (a) sale is consummated; (b) the buyer's initial and continuing involvements are adequate to demonstrate a commitment to pay for the property; (c) the receivable is not subject to future subordination; (d) the Company has transferred to the buyer the usual risks and rewards of ownership in a transaction that is in substance a sale and does not have a substantial continuing involvement with the property. A sale is not considered consummated until (a) the parties are bound by the terms of a contract or agreement, (b) all consideration has been exchanged, (c) any permanent financing for which the seller is responsible has been arranged, (d) all conditions precedent to closing have been performed. Fair value of buyer's payments to be received in future periods pursuant to sales contract is classified under accounts receivable. Sales transactions not meeting all the conditions of the full accrual method are accounted for using the deposit method of accounting. Under the deposit method, all costs are capitalized as incurred, and payments received from the buyer are recorded as a deposit liability.

Revenue and profit from the sale of development properties where the construction period is more than twelve months is recognized by the percentage-of-completion method on the sale of individual units when the following conditions are met: (a) construction is beyond a preliminary stage; (b) the buyer is committed to the extent of being unable to require a refund except for non-delivery of the unit; (c) sufficient units have already been sold to assure that the entire property will not revert to rental property; (d) sales prices are collectible and (e) aggregate sales proceeds and costs can be reasonably estimated. If any of these criteria are not met, proceeds are accounted for as deposits until the criteria are met and/or the sale consummated.

The Company has not generated any revenue from the sales of real estate property for the three months ended March 31, 2021 and 2020.

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YANGTZE RIVER PORT AND LOGISTICS LIMITED NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

2.10 Real estate capitalization and cost allocation

Real estate property completed and real estate properties and land lots under development consist of commercial units under construction and units completed. Properties under development or completed are stated at cost or estimated net realizable value, whichever is lower. Cost capitalization of development and redevelopment activities begins during the predevelopment period, which we define as the activities that are necessary to begin the development of the property. We cease capitalization upon substantial completion of the project, but no later than one year from cessation of major construction activity. We also cease capitalization when activities necessary to prepare the property for its intended use have been suspended. Costs include costs of land use rights, direct development costs, interest on indebtedness, construction overhead and indirect project costs. The Company acquires land use rights with lease terms of 40 years through government sale transaction. Land use rights are divided and transferred to customers after the Company delivers properties. The Company capitalizes payments for obtaining the land use rights, and allocates to specific units within a project based on units' gross floor area. Costs of land use rights for the purpose of property

development are not amortized. Other costs are allocated to units within a project based on the ratio of the sales value of units to the estimated total sales value.

2.11 Capitalization of interest

In accordance with ASC 360, Property, Plant and Equipment, interest incurred during construction is capitalized to properties under development. For the three months ended March 31, 2021 and 2020, \$nil and \$nil were capitalized as properties under development, respectively.

2.12 Advertising expenses

Advertising costs are expensed as incurred, or the first time the advertising takes place, in accordance with ASC 720-35, Advertising Costs. For the three months ended March 31, 2021 and 2020, the Company recorded advertising expenses of \$nil (unaudited) and \$nil (unaudited), respectively.

2.13 Share-based compensation

The Company grants restricted shares to its non-employee consultants. Awards granted to non-employees are measured at fair value at the earlier of the commitment date or the date the services are completed, and are recognized using graded vesting method over the period the service is provided.

2.14 Income taxes

Current income taxes are provided for in accordance with the laws of the relevant taxing authorities. As part of the process of preparing unaudited condensed consolidated financial statements, the Company is required to estimate its income taxes in each of the jurisdictions in which it operates. The Company accounts for income taxes using the liability method. Under this method, deferred income taxes are recognized for tax consequences in future years of differences between the tax bases of assets and liabilities and their reported amounts in the unaudited condensed consolidated financial statements at each year-end and tax loss carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates applicable for the differences that are expected to affect taxable income.

The Company adopts a more likely than not threshold and a two-step approach for the tax position measurement and financial statement recognition. Under the two-step approach, the first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained, including resolution of related appeals or litigation process, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon settlement. As of March 31, 2021 and December 31, 2020, the Company did not have any uncertain tax position.

2.15 Land Appreciation Tax (“LAT”)

In accordance with the relevant taxation laws in the PRC, the Company is subject to LAT based on progressive rates ranging from 30% to 60% on the appreciation of land value, which is calculated as the proceeds of sales of properties less deductible expenditures, including borrowing costs and all property development expenditures. LAT is prepaid at 1% to 2% of the pre-sales proceeds each year as required by the local tax authorities, and is settled generally after the construction of the real estate project is completed and majority of the units are sold. The Company provides LAT as expensed when the related revenue is recognized based on estimate of the full amount of applicable LAT for the real estate projects in accordance with the requirements set forth in the relevant PRC laws and regulations. LAT would be included in income tax expense in the statements of operations and comprehensive income (loss).

2.16 Earnings (loss) per share

Basic earnings (loss) per share is computed using the weighted average number of common shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of common shares and potential common shares outstanding during the period for convertible notes under if-convertible method, if dilutive. Potential common shares are not included in the denominator of the diluted earnings per share calculation when inclusion of such shares would be anti-dilutive, such as in a period in which a net loss is recorded.

2.17 Comprehensive loss

Comprehensive loss includes net income (loss) and foreign currency adjustments. Comprehensive loss is reported in the consolidated statements of operations and comprehensive loss. Accumulated other comprehensive loss, as presented on the consolidated balance sheets are the cumulative foreign currency translation adjustments.

2.18 Contingencies

In the normal course of business, the Company is subject to loss contingencies, such as legal proceedings and claims arising out of its business, that cover a wide range of matters, including, among others, government investigations and tax matters. In accordance with ASC No. 450 Sub topic 20, "Loss Contingencies", the Company records accruals for such loss contingencies when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated.

2.19 Recently issued accounting pronouncements

The Company does not believe other recently issued but not yet effective accounting standards from ASU 2020-04, if currently adopted, would have a material effect of the consolidated financial position, results of operation and cash flows.

3. RISKS

(a) Liquidity risk

The Company is exposed to liquidity risk which is risk that it is unable to provide sufficient capital resources and liquidity to meet its commitments and business needs. Liquidity risk is controlled by the application of financial position analysis and monitoring procedures.

(b) Foreign currency risk

A majority of the Company's operating activities and a significant portion of the Company's assets and liabilities are denominated in RMB, which is not freely convertible into foreign currencies. All foreign exchange transactions take place either through the Peoples' Bank of China ("PBOC") or other authorized financial institutions at exchange rates quoted by PBOC. Approval of foreign currency payments by the PBOC or other regulatory institutions requires submitting a payment application form together with suppliers' invoices and signed contracts. The value of RMB is subject to changes in central government policies and to international economic and political developments affecting supply and demand in the China Foreign Exchange Trading System market.

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YANGTZE RIVER PORT AND LOGISTICS LIMITED NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

4. OTHER ASSETS AND RECEIVABLES

Other assets and receivables as of March 31, 2021 and December 31, 2020 consisted of:

	March 31, 2021	December 31, 2020
	(Unaudited)	(Unaudited)
Deposits and other receivables	\$ 99,293	\$ 99,528
Underwriting commission deposit	1,600,000	1,600,000
Prepaid rent and deposit	13,228	13,228
Excessive business tax and related urban construction and education surcharge	1,710,488	1,716,289
Excessive land appreciation tax	976,273	979,584
	<u>\$ 4,399,282</u>	<u>\$ 4,408,629</u>

Business tax and LAT are payable each year at 5% and 1% - 2% respectively of customer deposits received. The Company recognizes sales related business tax and LAT in the income statement to the extent that they are proportionate to the revenue recognized each period. Any excessive amounts of business and LAT liabilities recognized at period-end pursuant to tax laws and regulations over the amounts recognized in the income statement are capitalized in prepayments and will be expensed in subsequent periods.

5. REAL ESTATE PROPERTY COMPLETED

The account balance and components of the real estate property completed were as follow:

	March 31, 2021	December 31, 2020
	(Unaudited)	(Unaudited)
Properties completed		
Wuhan Centre China Grand Steel Market		
Costs of land use rights	\$ 7,645,155	\$ 7,671,085
Other development costs	23,627,147	23,707,285
	<u>\$ 31,272,302</u>	<u>\$ 31,378,370</u>

As of March 31, 2021, the sole and wholly owned developing project of the Company is called Wuhan Centre China Grand Steel Market (Phase 1) Commercial Building in the south of Hans Road, Wuhan Yangluo Economic Development Zone with approximately 222,496.6 square meters of total construction area. Since June 2009, the Company commenced the construction of the project that funded through a combination of bank loans and advances from shareholders. The Company has obtained certificates representing titles of the land use rights used for the development of the project. As of March 31, 2021, the Company has completed the construction of four buildings covering area of approximately 35,350.4 square meters of construction area. The Company values the real estate assets based on estimates using present value by quoted prices for comparable real estate projects.

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YANGTZE RIVER PORT AND LOGISTICS LIMITED NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

6. REAL ESTATE PROPERTIES AND LAND LOTS UNDER DEVELOPMENT

The components of real estate properties and land lots under development were as follows:

	March 31, 2021	December 31, 2020
	(Unaudited)	(Unaudited)
Properties under development		

Wuhan Centre China Grand Steel Market		
Costs of land use rights	\$ 9,220,308	\$ 9,251,581
Other development costs	39,936,767	40,064,933
Land lots undeveloped		
Costs of land use rights	313,639,275	314,703,061
	<u>\$ 362,796,350</u>	<u>\$ 364,019,575</u>

The investments in undeveloped land were acquired in September, 2007. The Company leases the land under land use right leases with various terms from the PRC government, and does not have ownership of the underlying land.

As of March 31, 2021, the Company has three buildings under development of the project described in Note 5 covering area of approximately 57,450.4 square meters of construction area.

Land use right with net book value of \$179,599,452 (unaudited), including in real estate held for development and land lots undeveloped were pledged as collateral for the financial institution loan as at March 31, 2021. (See Note 10)

7. PROPERTY AND EQUIPMENT

The Company's property and equipment used to conduct day-to-day business are recorded at cost less accumulated depreciation. Depreciation expenses are calculated using straight-line method over the estimated useful life with 5% of estimated salvage value below:

	Useful life years	March 31, 2021 (Unaudited)	December 31, 2020 (Unaudited)
Fixture, furniture and office equipment	5	\$ 64,815	\$ 64,999
Vehicles	5	290,411	291,396
Less: accumulated depreciation		(328,605)	(329,684)
Property and equipment, net		<u>\$ 26,621</u>	<u>\$ 26,711</u>

Unaudited depreciation expense totaled \$nil and \$626 respectively for the three months ended March 31, 2021 and 2020.

8. OTHER PAYABLES AND ACCRUED LIABILITIES

Other payables and accrued liabilities as of March 31, 2021 and December 31, 2020 consisted of:

	March 31, 2021 (Unaudited)	December 31, 2020 (Unaudited)
Salaries payable	\$ (18,711)	\$ 386,830
Compensation payable to consultants	31,750	31,500
Business tax and related urban construction and education surcharge	19,878	19,911
Deposits from contractors	166,344	166,908
Sundry payables	14,388	11,500
Interest payable on convertible notes	30,481,315	28,956,725
Interest payable on loans	13,310,773	12,695,102
	<u>\$ 44,005,737</u>	<u>\$ 42,268,476</u>

YANGTZE RIVER PORT AND LOGISTICS LIMITED
NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

9. REAL ESTATE PROPERTY REFUND AND COMPENSATION PAYABLE

During the years 2012 and 2011, the Company signed 443 binding agreements of sales of commercial offices of the project with floor area of 22,790 square meters to unrelated purchasers (the transactions or the real estate sales transactions). The Company received deposits and considerations from the purchasers as required by the agreements. The construction commenced in the 2010, which was originally expected to be delivered to customers in late of 2012. No revenue was recognized from the sales of the commercial offices due to the reason stated below.

Owing to commercial reasons, the Company decided to terminate the agreements made for the sale of the real estate properties in relation to the project of Wuhan Centre China Grand Market. According to the agreements of sales, the Company is obliged to compensate the purchaser at a rate equal to 6% per annum or 0.05% per day on the deposits paid. In the three months ended March 31, 2021 and 2020, the Company incurred \$ 365,719 (unaudited) and \$657,980 (unaudited) compensation expenses which were included in general and administrative expenses.

As at March 31, 2021, 375 out of 443 agreements were cancelled, and no completed office (or real estate certificate) has been delivered to the purchaser. The Company is still in the progress of negotiating with the purchasers for the cancellation of the remaining agreements. The directors of the Company are of the opinion that almost all of the purchasers shall accept the cancellation. If, finally the purchaser insisted on the execution of the agreement, the Company will accept.

Real estate property refund and compensation payable represent the amount of customer deposits received and the compensation calculated in accordance with the provisions in the sales agreements. The payable consists of the followings:

	March 31, 2021	December 31, 2020
	(Unaudited)	(Unaudited)
Property sales deposits	\$ 19,965,049	\$ 20,032,765
Compensation	12,701,154	12,381,077
	<u>\$ 32,666,203</u>	<u>\$ 32,413,842</u>

10. LOANS PAYABLE

Bank name	Term	March 31, 2021	December 31, 2020
		(Unaudited)	(Unaudited)
China Construction Bank	From May 30, 2014 to May 29, 2020	\$ 43,905,566	\$ 44,054,482

Loans are floating rate loans whose rates (2021: 6% per annum and 2020: 6% per annum) are set at 5% above the over 5 years base borrowing rate stipulated by the People's Bank of China. Unaudited interest expenses incurred on loans payable for the three months ended March 31, 2021 and 2020 was \$665,479 and \$618,081, respectively.

Unaudited land use right with net book value of \$179,599,452, including in real estate held for development and land lots under development were pledged as collateral for the loan as at March 31, 2021.

The aggregate maturities of loans payable of each of years subsequent to March 31, 2021 are as follows:

2021	(Unaudited) \$18,313,062
2022	25,592,504
	<u>\$43,905,566</u>

YANGTZE RIVER PORT AND LOGISTICS LIMITED
NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

11. CONVERTIBLE NOTES

On December 19, 2015, the Company issued an 8% convertible note in the principal amount of \$150,000,000 to Jasper, a related party, in the Share Exchange (see Note 1). The holder of the Note may convert all or any portion of the then aggregate outstanding principal amount, together with any accrued and unpaid interest, into shares of Company's common stock at \$10.00 per share. The maturity date of the note is December 19, 2018.

On December 31, 2015, pursuant to the terms and conditions of the Agreements, Jasper, financed the Purchaser for the Sale by reducing Company's financial obligations under the Note by an aggregate of \$75,000,000 (see Note 1). As a result of the Sale, the outstanding balance due to Jasper under the note was \$75,000,000 plus any accrued interest.

On February 5, 2018, the Company issued a non-interest convertible note in the principal amount of \$4,100,000 to Iliad Research and Trading L.P., with 1,000,000 OID. The holder of the Note may convert all or any portion of the then aggregate outstanding principal amount into shares of Company's common stock at \$10.00 per share. The maturity date of the Note is February 4, 2019. In August 2018, an amount of \$1,250,000 of the note was redeemed by an issuance of 143,119 shares of the Company. The remaining amount of the note has been redeemed as at December 31, 2018.

On March 14, 2018, the Company issued an 8% convertible note in the principal amount of \$526,315 to Eagle Equities LLC. The holder of the Note may convert all or any portion of the then aggregate outstanding principal amount, together with any accrued and unpaid interest, into shares of Company's common stock at \$10.00 per share. The maturity date of the Note is March 14, 2019. The note has been redeemed as at December 31, 2018.

On March 14, 2018, the Company issued an 8% convertible note in the principal amount of \$526,315 to Adar Bays LLC. The holder of the Note may convert all or any portion of the then aggregate outstanding principal amount, together with any accrued and unpaid interest, into shares of Company's common stock at \$10.00 per share. The maturity date of the Note is March 14, 2019. The note has been redeemed as at December 31, 2018.

On April 5, 2018, the Company issued an 8% convertible note in the principal amount of \$270,000 to GS Capital Partners LLC. The holder of the Note may convert all or any portion of the then aggregate outstanding principal amount, together with any accrued and unpaid interest, into shares of Company's common stock at \$10.00 per share. The maturity date of the Note is May 5, 2019. The note has been redeemed as at December 31, 2018.

On April 16, 2018, the Company issued an 8% convertible note in the principal amount of \$300,000 to Auctus Fund LLC. The holder of the Note may convert all or any portion of the then aggregate outstanding principal amount, together with any accrued and unpaid interest, into shares of Company's common stock at \$10.00 per share. The maturity date of the Note is April 16, 2019. The note has been redeemed as at December 31, 2018.

On April 17, 2018, the Company issued an 8% convertible note in the principal amount of \$115,000 to TFK Investment LLC. The holder of the Note may convert all or any portion of the then aggregate outstanding principal amount, together with any accrued and unpaid interest, into shares of Company's common stock at \$10.00 per share. The maturity date of the Note is April 17, 2019. The note has been redeemed as at December 31, 2018.

On April 17, 2018, the Company issued an 8% convertible note in the principal amount of \$115,000 to Crown Bridge Partners LLC. The holder of the Note may convert all or any portion of the then aggregate outstanding principal amount, together with any accrued and unpaid interest, into shares of Company's common stock at \$10.00 per share. The maturity date of the Note is April 17, 2019. The note has been redeemed as at December 31, 2018.

On May 16, 2018, the Company issued an 8% convertible note in the principal amount of \$57,500 to Crown Bridge Partners LLC. The holder of the Note may convert all or any portion of the then aggregate outstanding principal amount, together with any accrued and unpaid interest, into shares of Company's common stock at \$10.00 per share. The maturity date of the Note is May 16, 2019. The note has been redeemed as at December 31, 2018.

On May 18, 2018, the Company issued an 8% convertible note in the principal amount of \$214,000 to Geneva Roth Remark Holdings LLC. The holder of the Note may convert all or any portion of the then aggregate outstanding principal amount, together with any accrued and unpaid interest, into shares of Company's common stock at \$12.50 per share. The maturity date of the Note is May 18, 2019. The note has been redeemed as at December 31, 2018.

On June 12, 2018, the Company issued an 8% convertible note in the principal amount of \$526,315 to Eagle Equities LLC. The holder of the Note may convert all or any portion of the then aggregate outstanding principal amount, together with any accrued and unpaid interest, into shares of Company's common stock at \$10.00 per share. The maturity date of the Note is June 12, 2019. The note has been redeemed as at December 31, 2018.

On June 12, 2018, the Company issued an 8% convertible note in the principal amount of \$526,315 to Adar Bays LLC. The holder of the Note may convert all or any portion of the then aggregate outstanding principal amount, together with any accrued and unpaid interest, into shares of Company's common stock at \$10.00 per share. The maturity date of the Note is June 14, 2019. The note has been redeemed as at December 31, 2018.

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YANGTZE RIVER PORT AND LOGISTICS LIMITED
NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

On June 15, 2018, the Company issued an 8% convertible note in the principal amount of \$270,000 to GS Capital Partners LLC. The holder of the Note may convert all or any portion of the then aggregate outstanding principal amount, together with any accrued and unpaid interest, into shares of Company's common stock at \$10.00 per share. The maturity date of the Note is June 15, 2019. The note has been redeemed as at December 31, 2018.

On June 15, 2018, the Company issued an 8% convertible note in the principal amount of \$115,789 to Crossover Capital Fund I Inc. The holder of the Note may convert all or any portion of the then aggregate outstanding principal amount, together with any accrued and unpaid interest, into shares of Company's common stock at \$15.00 per share. The maturity date of the Note is June 15, 2019. The note has been redeemed as at December 31, 2018.

On June 19, 2018, the Company issued an 8% convertible note in the principal amount of \$300,000 to Auctus Fund LLC. The holder of the Note may convert all or any portion of the then aggregate outstanding principal amount, together with any accrued and unpaid interest, into shares of Company's common stock at \$10.00 per share. The maturity date of the Note is June 19, 2019. The note was redeemed as at December 31, 2018.

On July 18, 2018, the Company issued an 8% convertible note in the principal amount of \$134,400 to Geneva Roth Remark Holdings, LLC. The holder of the Note may convert all or any portion of the then aggregate outstanding principal amount, together with any accrued and unpaid interest, into shares of Company's common stock at \$12.50 per share. The maturity date of the Note is January 18, 2019. The note has been redeemed in January 2019.

On July 23, 2018, the Company issued an 8% convertible note in the principal amount of \$250,000 to Morningview Financial LLC. The holder of the Note may convert all or any portion of the then aggregate outstanding principal amount, together with any accrued and unpaid interest, into shares of Company's common stock at \$12.00 per share. The maturity date of the Note is January 23, 2019. The note has been redeemed in January 2019.

On July 25, 2018, the Company issued an 8% convertible note in the principal amount of \$105,000 to BHP Capital NY Inc. The holder of the Note may convert all or any portion of the then aggregate outstanding principal amount, together with any accrued and unpaid interest, into shares of Company's common stock at \$12.00 per share. The maturity date of the Note is January 25, 2019. The note has been redeemed in January 2019.

On July 25, 2018, the Company issued an 8% convertible note in the principal amount of \$36,750 to Jefferson Street Capital LLC. The holder of the Note may convert all or any portion of the then aggregate outstanding principal amount, together with any accrued and unpaid interest, into shares of Company's common stock at \$12.00 per share. The maturity date of the Note is January 25, 2019. The note has been redeemed in January 2019.

On July 13, 2018, the Company issued an 8% convertible note in the principal amount of \$57,500 to Crown Bridge Partners. The holder of the Note may convert all or any portion of the then aggregate outstanding principal amount, together with any accrued and unpaid interest, into shares of Company's common stock at \$10.00 per share. The maturity date of the Note is January 13, 2019. The note has been redeemed in January 2019.

There was no beneficial conversion feature attributable to the Note as the set conversion price of the Note was greater than the fair value of the common share price at the date of issuance. The Company has accounted for the Note in accordance with ASC 470-20, as a single instrument as a non-current liability. The Note is initially carried at the gross cash received at the issuance date.

The unaudited interest expense for the convertible note included in the unaudited condensed consolidated statements of operations was \$1,524,590 and \$1,524,590, respectively, for the three months ended March 31, 2021 and 2020.

The unaudited interest payable for the convertible notes included in the unaudited condensed consolidated balance sheets was \$30,481,315 and \$24,382,954, respectively as at March 31, 2021 and December 31, 2020.

12. EMPLOYEE RETIREMENT BENEFIT

The Company has made employee benefit contribution in accordance with Chinese relevant regulations, including retirement insurance, unemployment insurance, medical insurance, work injury insurance and birth insurance. The Company recorded the contribution in the salary and employee charges when incurred. The unaudited contributions made by the Company were \$682 and \$6,300 respectively, for the three months ended March 31, 2021 and 2020.

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YANGTZE RIVER PORT AND LOGISTICS LIMITED NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

13. INCOME TAXES

The Company was incorporated in the state of Nevada. Under the current law of Nevada, the Company is not subject to state corporate income tax. No provision for federal corporate income tax has been made in the financial statements as there are no assessable profits.

Energetic Mind was incorporated in the British Virgin Islands ("BVI"). Under the current law of the BVI, Energetic Mind is not subject to tax on income.

Ricofeliz Capital was incorporated in Hong Kong. No provision for Hong Kong profits tax has been made in the financial statements as there are no assessable profits.

Wuhan Newport was incorporated in the PRC, was governed by the income tax law of the PRC and is subject to PRC enterprise income tax ("EIT"). The EIT rate of PRC is 25%.

Income tax expenses for the three months ended March 31, 2021 and 2020 are summarized as follows:

	For the three months ended	
	<u>2021</u>	<u>2020</u>
	(Unaudited)	(Unaudited)
Current	\$ -	\$ -

Deferred tax benefit	261,918	322,110
	<u>\$ 261,918</u>	<u>\$ 322,110</u>

A reconciliation of the income tax benefit determined at the PRC EIT income tax rate to the Company's effective income tax benefit is as follows:

	<u>For the three months ended</u>	
	<u>2021</u>	<u>2020</u>
	(Unaudited)	(Unaudited)
EIT at the PRC statutory rate of 25%	\$ 548,819	\$ 615,670
Valuation allowance	(286,901)	(293,560)
	<u>\$ 261,918</u>	<u>\$ 322,110</u>

The Company evaluates the level of authority for each uncertain tax position (including the potential application of interest and penalties) based on the technical merits, and measures the unrecognized benefits associated with the tax positions. For the three months ended March 31, 2021 and 2020, the Company had no unrecognized tax benefits.

The Company does not anticipate any significant increase to its liability for unrecognized tax benefit within the next 12 months. The Company will classify interest and penalties related to income tax matters, if any, in income tax expense.

Deferred income taxes are recognized for tax consequences in future years of differences between the tax bases of assets and liabilities and their reported amounts in the unaudited condensed consolidated financial statements at each year-end and tax loss carry forwards. The tax effects of temporary differences that give rise to the following approximate deferred tax assets and liabilities as of March 31, 2021 and December 31, 2020 are presented below.

	<u>March 31,</u>	<u>December 31,</u>
	<u>2021</u>	<u>2020</u>
	(Unaudited)	(Unaudited)
Deferred tax assets		
Operating loss carry forward	\$ 305,503	\$ 283,245
Excess of interest expenses	4,713,296	4,564,078
Accrued expenses	4,315,716	4,258,769
	<u>\$ 9,334,515</u>	<u>\$ 9,106,092</u>

The Company had net operating losses carry forward of \$1,222,013 (unaudited) as of March 31, 2021 which will expire on various dates between December 31, 2021 and 2025.

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YANGTZE RIVER PORT AND LOGISTICS LIMITED
NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

14. LOSS PER SHARE

	<u>For the three months ended</u>	
	<u>2021</u>	<u>2020</u>
	(Unaudited)	(Unaudited)
Numerator:		
Net loss for basic and diluted loss per share	\$ (1,949,121)	\$ (2,229,139)
Denominator:		
Weighted average number of common shares outstanding		
Basic	179,528,638	179,528,638
Dilutive shares:		

Conversion of convertible note	-	-
Diluted	179,528,638	179,528,638
Basic and diluted loss per share	\$ (0.01)	\$ (0.01)

Basic earnings per share are computed by dividing the net income by the weighted average number of common shares outstanding during the period. Diluted earnings per share are computed by adding other common stock equivalents, including non-vested common share in the weighted average number of common shares outstanding for a period, if dilutive.

15. RELATED PARTY TRANSACTIONS

15.1 Nature of relationships with related parties

<u>Name</u>	<u>Relationships with the Company</u>
Mr Zhao Weibin	Officer
Mr Liu Xiangyao	Director
Jasper Lake Holdings Limited (“Jasper”)	Controlling stockholder
Wuhan Fuying Jiahua Real Estate Development Co., Ltd. (“Fuying Jiahua”)	Mr Zhao Weibin is the stockholder

15.2 Related party balances and transactions

Unaudited amount due to Mr Zhao Weibin were \$125,338 and \$125,763 as at March 31, 2021 and December 31, 2020, respectively. The amount is unsecured, interest free and does not have a fixed repayment date.

A summary of changes in the amount due to Mr Zhao Weibin is as follows:

	<u>March 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
	(Unaudited)	(Unaudited)
At beginning of period	\$ 125,763	\$ 117,949
Exchange difference adjustment	(425)	7,814
At end of period	<u>\$ 125,338</u>	<u>\$ 125,763</u>

Unaudited amount due to Mr Liu Xiangyao were \$37,424,331 and \$37,428,864 as at March 31, 2021 and December 31, 2020, respectively. The amount is unsecured, interest free and does not have a fixed repayment date.

A summary of changes in the amount due to Mr Liu Xiangyao is as follows:

	<u>March 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
	(Unaudited)	(Unaudited)
At beginning of period	\$ 37,428,864	\$ 39,979,607
Advances from the director	106,729	103,552
Repayment to the director	-	(4,694,647)
Exchange difference adjustment	(111,262)	2,040,352
At end of period	<u>\$ 37,424,331</u>	<u>\$ 37,428,864</u>

As at March 31, 2021 and December 31, 2020, the unaudited outstanding balance due to Jasper under the convertible note was \$75,000,000 plus any accrued interest. The unaudited interest payable to Jasper were \$30,481,315 and \$28,956,725 as at March 31, 2021 and December 31, 2020, respectively. Details of the convertible note are stated in Note 11.

A summary of changes in the interest payable to Jasper is as follows:

	March 31, 2021	December 31, 2020
	(Unaudited)	(Unaudited)
At beginning of year	\$ 28,956,725	\$ 22,858,364
Interest expense	1,524,590	6,098,361
At end of year	<u>\$ 30,481,315</u>	<u>\$ 28,956,725</u>

16. SHARE-BASED COMPENSATION EXPENSES

On December 27, 2015, the Company granted 317,345 and 340,555 shares of the Company's restricted common stock to a number of consultants, in exchange for its legal and professional services to the Company for the years ended December 31, 2015 and 2016, respectively. These shares were valued at \$5.7 per share, the closing bid price of the Company's common stock on the date of grant. Total compensation expense recognized in the general and administrative expenses of the consolidated statement of operations for the year ended December 31, 2015 was \$1,808,867. Total compensation expense of approximately \$1,941,163 was recognized in 2016. The shares attributable to fiscal 2015 and 2016 were issued on December 30, 2015.

On January 25, 2016, the Company granted 15,000 shares of the Company's restricted common stock to a consultant, in exchange for its legal and professional services to the Company for the year 2016. These shares were valued at \$4.9 per share, the closing bid price of the Company's common stock on the date of grant. This compensation expense of approximately \$73,500 was recognized in 2016.

On May 5, 2017, the Company entered into an employment agreement with Mr. Tsz-Kit Chan ("Mr Chan") to serve as the Company's Chief Financial Officer that the Company granted 100,000 shares of the Company's common stock for his first year of employment. As at March 31, 2020, the Company has not issued the shares and these shares were valued at \$0.07 per share. For the three months ended March 31, 2020, the Company reversed compensation expenses of \$ (\$400,000) (unaudited) due to the changes in the fair value of the unissued shares.

During the period from July to September 2017, on several different dates, the Company granted 75,000 shares totally of the Company's restricted common stock to several consultants, in exchange for its legal and professional services to the Company for the period between July 2017 and June 2018. These shares were valued at the closing bid price of the Company's common stock on the date of grant. The compensation expense recognized in the general and administrative expenses of the consolidated statement of operations for the year ended December 31, 2017 was \$807,683. On May 12, 2017, the Company had an agreement with Buckman, Buckman & Reid, Inc., that the Company granted 70,000 shares of the Company's shares of the Company's common stock for services rendered by Buckman, Buckman & Reid, Inc. As at December 31, 2017, the Company has not issued the shares and these shares were valued at \$8.82 per share. The Company recognized share based compensation of \$407,519 for the year ended December 31, 2017.

On May 12, 2017, the Company had an agreement with Buckman, Buckman & Reid, Inc., that the Company granted 70,000 shares of the Company's shares of the Company's common stock for services rendered by Buckman, Buckman & Reid, Inc. On May 12, 2018, the Company has issued 45,000 shares and valued at \$4.60 per share. The unissued shares of 25,000 were valued at \$0.06 per share as at December 31, 2020. For the three months ended March 31, 2020, the Company reversed compensation expenses of \$250 due to the changes in the fair value of the unissued shares.

Total share compensation (reversal) expenses recognized in the general and administrative expenses of the consolidated statements of operations for the three months ended March 31, 2021 and 2020 was (\$399,750) (unaudited) and \$(490,321) (unaudited) respectively.

17. CONCENTRATION OF CREDIT RISKS

As of March 31, 2021 and December 31, 2020, substantially all of the Company's cash and cash equivalents were held by major financial institutions located in China and the US, which management believes are of high credit quality.

The Company's operations are carried out in the PRC. Accordingly, the Company's business, financial condition and results of operations may be influenced by the political, economic and legal environments in the PRC as well as by the general state of the PRC's economy. The business may be influenced by changes in governmental policies with respect to laws and regulations, anti-inflationary measures, currency conversion and remittance abroad, and rates and methods of taxation, among other things.

No customer accounted for more than 10% of total accounts receivable as of March 31, 2021 and December 31, 2020.

On April 17, 2018, China Construction Bank filed a civil complaint against Wuhan Newport claiming the outstanding principal and interest of bank loan totaling approximately RMB 325 million. The loan and interest payable obligations have been disclosed and accounted for in the Note 8 and Note 10. On June 15, 2019, the civil complaint was adjudicated by the Court in favor of China Construction Bank to collect delinquent amount from Wuhan Newport by enforcement. Wuhan Newport negotiated a loan restructure with the bank and in the meantime, all payments due are suspended. As a result of negotiations, the bank has not instituted enforcement proceedings.

During the year ended December 31, 2018, Wuhan Newport was also involved in other bank loan disputes and the judgments were rendered. Wuhan Newport, a subsidiary of the Company, was against as a guarantor for certain loans taken out by a large shareholder of Wuhan Newport before it became a subsidiary of the Company. As result of judgments, the shareholder has undertaken in writing to be solely responsible for all these loans without recourse to Wuhan Newport and has entered into a repayment plan with his creditor(s). Accordingly, no enforcement actions have been instituted against Wuhan Newport and in accordance with legal opinion from PRC counsel, there are no legal or financial liability accorded to Wuhan Newport.

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YANGTZE RIVER PORT AND LOGISTICS LIMITED NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

18. COMMITMENTS AND CONTINGENCIES

Operating lease commitments

For the three months ended March 31, 2021 and 2020, unaudited rental expenses under operating leases were \$nil and \$22,185 respectively.

On April 1, 2017, the Company made a lease agreement with 41 John Street Equities LLC. The term of the lease is one year, beginning on April 1, 2017 and ending on March 31, 2018. The Company made a one-time full payment of \$96,135 including security deposit for the entire leasing period.

On January 16, 2018 and February 25, 2019, the Company extended the lease agreement with 41 John Street Equities LLC to March 31, 2020. The future obligations for operating leases of each years subsequent to March 31, 2020 are as follows:

	(Unaudited)
2021	\$ -
2022 and thereafter	-

Total minimum payment required

\$ -

Legal proceeding

On October 24, 2018, Stenergy, LLC filed a lawsuit against the Company in the New York State Supreme Court, New York County. The two-count complaint alleges that the Company breached a contract with Stenergy, LLC and seeks damages arising from the breach, and further seeks recovery under a quantum meruit theory to obtain the reasonable value of its services performed. The Company answered the complaint with affirmative defenses on December 4, 2018. The parties are currently engaged in the discovery phase of the matter. Management believes that the Company will prevail this lawsuit, and any resolution will not have a material adverse effect on the financial condition or results of operations of the Company.

On January 2, 2019 a class action complaint has been filed with the United States District Court, Eastern District of New York on behalf of Michael Behrendsen against the Company, Xiangyao Liu, Xin Zheng and Tsz-Kit Chan (the “Complaint”). The two-count Complaint alleges violations of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder, and Section 20(a) of the Exchange Act. The Court recently entered an Order approving of lead counsel and lead plaintiff. On June 3, 2019, counsel for the lead plaintiff filed an Amended Complaint, asserting the same two causes of action, albeit with greater verbosity. The Amended Complaint alleges the defendants made materially false and/or misleading statements and/or failed to disclose that: (1) the Company’s purported lease of the Wuhan Yangtze River Newport Logistics Center, the Company’s main asset, was a fabrication; (2) the Company’s only operating subsidiary, Wuhan Newport, was declared insolvent in China due to a number of default judgments against it; and (3) as a result, the defendants’ statements about its business, operations, and prospects, were materially false and misleading and/or lacked a reasonable basis at all relevant times. The class action seeks to recover damages against the defendants’ actions. On July 17, 2019, the Company filed a Motion to Dismiss the Amended Complaint for failure to state a claim. That motion is still pending, though it has been fully briefed. Finally, as of the date of this report, no class has yet to be certified. Management believes that the Company will prevail this lawsuit, and any resolution will not have a material adverse effect on the financial condition or results of operations of the Company.

On January 23, 2019, the Company filed a defamation lawsuit in the New York Supreme Court, New York County, against Hindenburg Research, Nathan Anderson, ClaritySpring Securities, LLC and ClaritySpring Inc. (collectively, “Defendants”) in response to their coordinated and orchestrated market manipulation scheme to disseminate false, misleading and defamatory content to the marketplace regarding the Company for the purpose of inflicting substantial reputational harm on the Company for Defendants’ own financial gain. Management believes that the Company will prevail this lawsuit, and any resolution will not have a material adverse effect on the financial condition or results of operations of the Company.

Other than the above, the Company is not currently a party to any legal proceeding, investigation or claim which, in the opinion of the management, is likely to have a material adverse effect on the business, financial condition or results of operations.

The Company did not identify any other material commitment and contingency as of March 31, 2021.

YANGTZE RIVER PORT AND LOGISTICS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

19. RESTRICTED NET ASSETS

PRC laws and regulations permit payments of dividends by the Company's subsidiary incorporated in the PRC only out of their retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. In addition, the Company's subsidiary incorporated in the PRC are required to annually appropriate 10% of their net income to the statutory reserve prior to payment of any dividends, unless such reserve have reached 50% of their respective registered capital. In addition, registered share capital and capital reserve accounts are also restricted from withdrawal in the PRC, up to the amount of net assets held in each subsidiary. As a result of the restrictions described above and elsewhere under PRC laws and regulations, the Company's subsidiary incorporated in the PRC are restricted in their ability to transfer a portion of their net assets to the Company in the form of dividends or advances from PRC subsidiary. Such restriction amounted to \$276,978,836(unaudited) and \$278,701,969(unaudited), respectively as of March 31, 2021 and December 31, 2020. Except for the above, there is no other restriction on the use of proceeds generated by the Company's subsidiary to satisfy any obligations of the Company.

20. GOING CONCERN

As shown in the accompanying financial statements, the Company has sustained recurring losses and negative cash flows from operations. Over the past years, the Company has been funded through a combination of bank loans and advances from shareholders. On January 29, 2016, the Company received an undertaking commitment letter provided by the Company's majority shareholder who is willing to provide sufficient funding on an as-needed basis. In addition, the Company plans to dispose of the existing developed real estate properties with market value of approximately \$42 million when the Company needs cash flows. The Company believes that, as a result of these, it currently has sufficient cash and financing commitments to meet its funding requirements for a reasonable period of time.

21. SUBSEQUENT EVENTS

The management evaluated all events subsequent to the balance sheet date through the date the consolidated financial statements were available to be issued. There are no significant matters to make material adjustments or disclosure in the consolidated financial statements.